

Arts Council England,  
Grant-in-Aid and National Lottery  
Distribution 2022/23



# Annual Report & Accounts

For the year ended 31 March 2023





ARTS COUNCIL ENGLAND GRANT-IN-AID AND  
NATIONAL LOTTERY DISTRIBUTION ANNUAL  
REPORT AND ACCOUNTS 2022-2023

FOR THE PERIOD 1 APRIL 2022  
TO 31 MARCH 2023

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# Chair's report

# 01.



**When we launched our strategy *Let's Create* in January 2020, I acknowledged that the next decade would pose challenges and that the creative and cultural sector had a special role in helping our whole society to respond to them. However, none of us could have predicted the size of the obstacles placed in our path by the coronavirus pandemic and the rising cost of living.**

*Let's Create* may have been written before the precise nature of the challenges became clear, but it set out a vision of the changes that were needed if the creative and cultural sector were to remain responsive, relevant, and resilient into the future. That vision was shaped through extensive three-year conversations and consultations with the public and arts organisations across England and I believe it has helped us to observe the creative and cultural landscape from a new perspective. *Let's Create* became a route map setting out how we might achieve our ambition that, by 2030, our country would be one in which the creativity of each of us is valued and given the chance to flourish, and where everyone has access to a remarkable range of high-quality cultural experiences. At its heart lie the goals of inclusiveness and excellence.

In November, we announced the first National Portfolio in which our funding decisions were firmly rooted in the Outcomes and Investment Principles of *Let's Create*. This was a heavily competitive investment round with more than 1,700 organisations applying to receive the regular funding being part of the portfolio secures. In comparison, the last portfolio attracted around 1,200 applications.

We believe that the organisations selected to be part of the new portfolio have allowed us

to achieve a balance of investment which will improve the overall strength of our nation's creative and cultural life. It ensures that more places receive a share of the investment we make with money from taxpayers and National Lottery players, with more people being able to enjoy ambitious creative activities and stimulating cultural experiences closer to their homes. As the development agency for creativity and culture, our role is to lift our eyes to the future. This portfolio recognises ambition and excellence in both emerging and established organisations across all artforms and at all scales. It should make sure that, wherever you live and whatever your background, you will be able to experience the passion and benefits that a full creative and cultural life can bring.

Inevitably, as a public body, the decisions have attracted scrutiny and discussion. This is only right. In a healthy society the investment of public money should be debated, but the principles on which those decisions are founded should also be explained and understood. Difficult choices were made but they were consistently applied and were shaped by the vision and ambition in *Let's Create*.

I have touched briefly upon the unexpected challenges that we have faced over the last three years. One of those was the instruction we received from the then Secretary of State as the application process for the 2023-26 Investment Programme was being drawn up. Ministerial instructions to the Arts Council are not unusual, they are the mechanism by which a government can achieve its policy aims. This one directed us to move funding amounting to £24 million away from London. The process of shifting the proportion we spend out of London may have been speeded up by the instruction we received, but it is not a new



idea. It is part of our commitment to making sure that everyone across the whole of England shares in the benefits that creative and cultural activities can bring. On one hand, our job was to increase investment elsewhere in the country, especially in those places where historically our investment has been low, to create the environment for creativity and culture to flourish and provide opportunities for those with talent to develop and sustain their careers. While on the other, it was making sure that London remains a national and international cultural powerhouse and maintains its important place in our nation's creative ecology. It created a tough balance to achieve, and led to difficult decisions being taken. The government recognised that the decisions sit with the Arts Council. This protects both the sector and government from the risk of political interference, or the appearance of it, in individual funding decisions. We look forward to working with the ministerial team at the Department for Culture, Media and Sport in continuing to champion investment in creative practitioners and in arts organisations, museums, and libraries and the dividends it can bring to communities.

The impact of this investment on lives and communities can be seen in every corner of the country. It supports the economies of rural communities and of villages, towns and cities. It helps to nurture the talent of the next generation of creators, makers, and performers. It improves the health and wellbeing of people living across the country. It plays an active part in providing opportunities to children and young people, and those of all ages, to explore their creative and cultural life. And it provides the support and conditions in which ambition and quality can flourish.

As we look forward, there is an understandable anxiety about the future, given the experience of the past three years. Whatever the future holds, the Arts Council will continue to be guided by the principles of *Let's Create* and will champion the importance of creativity and culture as an integral part of every aspect of our national life, identity and wellbeing.

**Sir Nicholas Serota, CH**  
Chair, Arts Council England



# Chief Executive's report

## 02.



**Every day, in every corner of England, the people who work in our arts organisations, museums and libraries – and the individual creative practitioners who work with them – display the energy, enthusiasm and excellence that make our creative and cultural sector the envy of the world. It is seen in work of every scale, every artform, every discipline, everywhere.**

Whether that is in the production of the *Tempest* by the Royal Shakespeare Company. In Ballet Black's *Nina: By Whatever Means*. In Weston Museum in Somerset. In York Library. Or in the collaboration between Seeta Patel Dance and Bournemouth Symphony Orchestra at Sadler's Wells. Whether that work is being done in Hull or Havering, Leeds or Leicester, Mansfield or Manchester, Norwich or Northumberland, Devon or Dover. They are united in drive, determination, and desire to give audiences the best experience possible. There is a unity of ambition.

These are the qualities that unite the 985 organisations that we welcomed to our new National Portfolio in April 2023. It is the largest number of arts organisations, museums, and libraries to ever join the portfolio. All of them will help to achieve the ambition and vision laid out in our strategy *Let's Create*. More than a quarter of them – 275 to be precise – are new joiners. When *Let's Create* was launched we said that we needed to be an Arts Council for the whole of England – our new National Portfolio is helping us to achieve just that.

I am pleased to say that this portfolio is one of the most diverse and inclusive we have

supported. We have made investment decisions to support our ambition to make sure creativity and culture is more accessible and relevant to everyone, and better reflects the diversity of England as it is today. In our new National Portfolio, we have increased our investment in diverse-led organisations as well as welcoming new organisations into the portfolio from across the country that have the ambition to produce and present high quality work. The organisations we are supporting include more Black, Asian, and Ethnically Diverse leaders, more Disabled leaders, and more women leaders. All our investments are about creating chances and offering choices. In short, they are about investing in organisations that want to deliver on the Outcomes we set out in *Let's Create*.

As our Chair writes in his foreword, it is of course appropriate that the Arts Council is held to account for the decisions that we make. And it is inevitable that what we do not fund attracts more scrutiny than what we do. But if we reduce the overall picture to focus only on a few organisations, if we make that debate "either" "or", about access or excellence as if they exist only in opposition, if we start to argue for one artform at the expense of another, then there is a danger that our perspective becomes too narrow and too short term, focusing on individual elements, but failing to see the big picture. That picture is more complex. It is an entire cultural eco-system and its interdependencies.

As the development agency for creativity and culture we always strive to take a broader view. So, our strategy, *Let's Create*, is not singularly focused. It is about balance – and rebalancing. It is about stewardship, for here and now, and



for the future. We recognise the complexity of the environment in which we invest with each part of the cultural sector reliant and working interdependently with many others. We do not think in categorical terms. We are not an “Either Or” organisation. Rather, I see us as an “And And” organisation.

That means it is about investing in libraries in Gloucestershire and in Barnsley. Supporting the National Football Museum in Manchester and the St Barbe Museum and Art Gallery in Lymington in the New Forest. It is about investing in the Royal Opera House in London and Phoenix Arts in Bordon in Hampshire. It is about investing in Paraorchestra in Bristol and the National Youth Brass Band in Bedford. It is about investing in the National Theatre in London and Live Theatre in Newcastle. It is about museums and libraries, about theatre and music, about literature and dance, about visual arts, and large-scale outdoor festivals and events, about arts and technology, arts and health and arts and the environment. It is about welcoming into our National Portfolio organisations that want to be the best at what they do and do so in an inclusive and relevant way. It is about creating chances and offering choices.

Making sure our sector is fit for the future is a big part of our work as the development agency for the arts and a big part of the ambition of *Let's Create*. Many creative and cultural organisations are continuing to build on the innovative ways they used technology to connect with new audiences during the pandemic. Immersive technology offers new opportunities for both individual artists and organisations to share creative and cultural content more widely. We are now in the seventh year of our Future Art and Culture programme developed in partnership with British Underground which showcases our cultural sector's ambitious work in pushing the boundaries of arts and technology at the SXSW festival in Texas.

We are also proud of our record on encouraging the creative and cultural sector to look at how its work impacts on our environment. We were

the first cultural organisation in the world to link our funding of arts organisations, libraries, and museums to a commitment to environmental responsibility. The partnership we formed a decade ago with Julie's Bicycle to deliver our environmental programme is still going strong. We are now delivering another programme in partnership with them, and also with the Danish Arts Foundation, that explores new approaches to lessening the impact of international touring on the environment.

We have long been involved in showing how creative and cultural activities can benefit health and wellbeing. Since we published our joint compact with NHS England 15 years ago, we have continued to develop the role of creativity and culture in this field. In summer 2022 we published our first Creative Health and Wellbeing Plan and in April 2023 we invested £660,000 in the Creative Health Associates programme delivered by the National Centre for Creative Health. It will see an associate employed in each of the seven NHS regions in England as well as the appointment of a programme manager. They will help health and care professionals use creative approaches and activities to improve the health and wellbeing of people across the country.

The vision and ambition of *Let's Create* is that everyone wherever they live, whoever they are, whatever their background should be able to benefit from an active creative and cultural life. Looking at our new National Portfolio, I believe that the investments we have made will set us on the pathway to help make that happen. More people in more places will get the chance to experience ambitious and high-quality creative activities and cultural events closer to where they live, helping everyone, everywhere to lead happier and more fulfilled lives. For me, there is no better reason to invest public money.

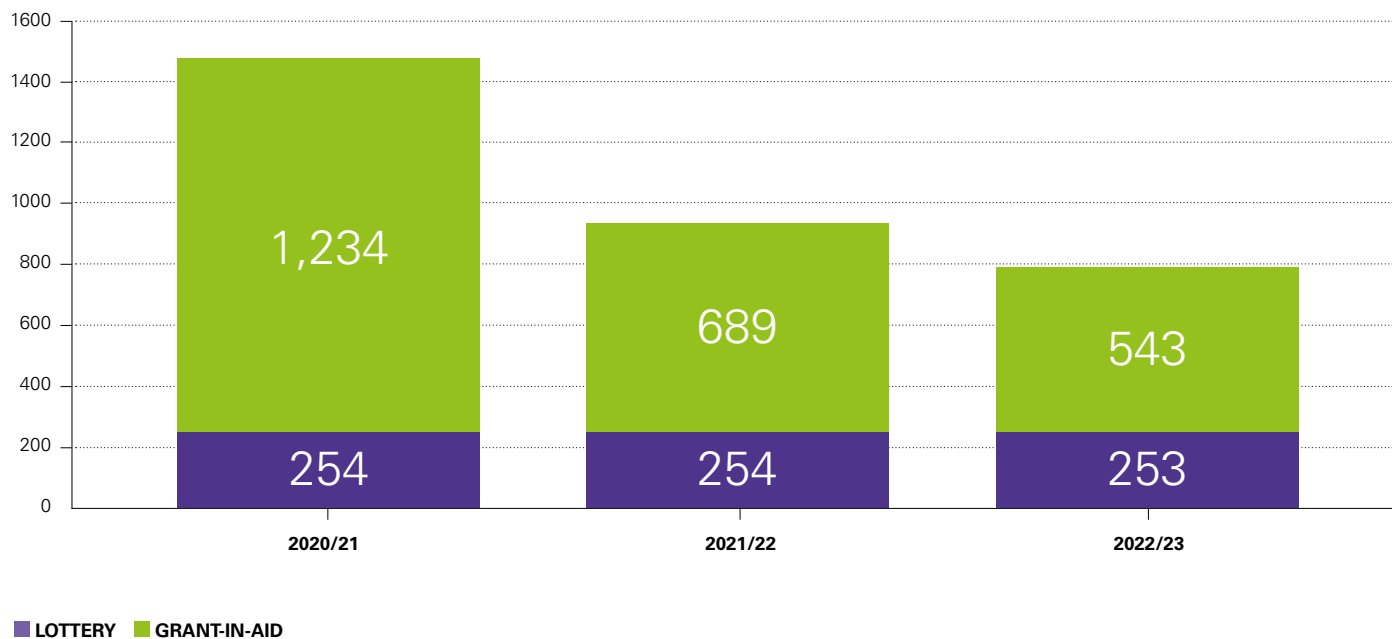
### **Dr Darren Henley, CBE**

Chief Executive, Arts Council England

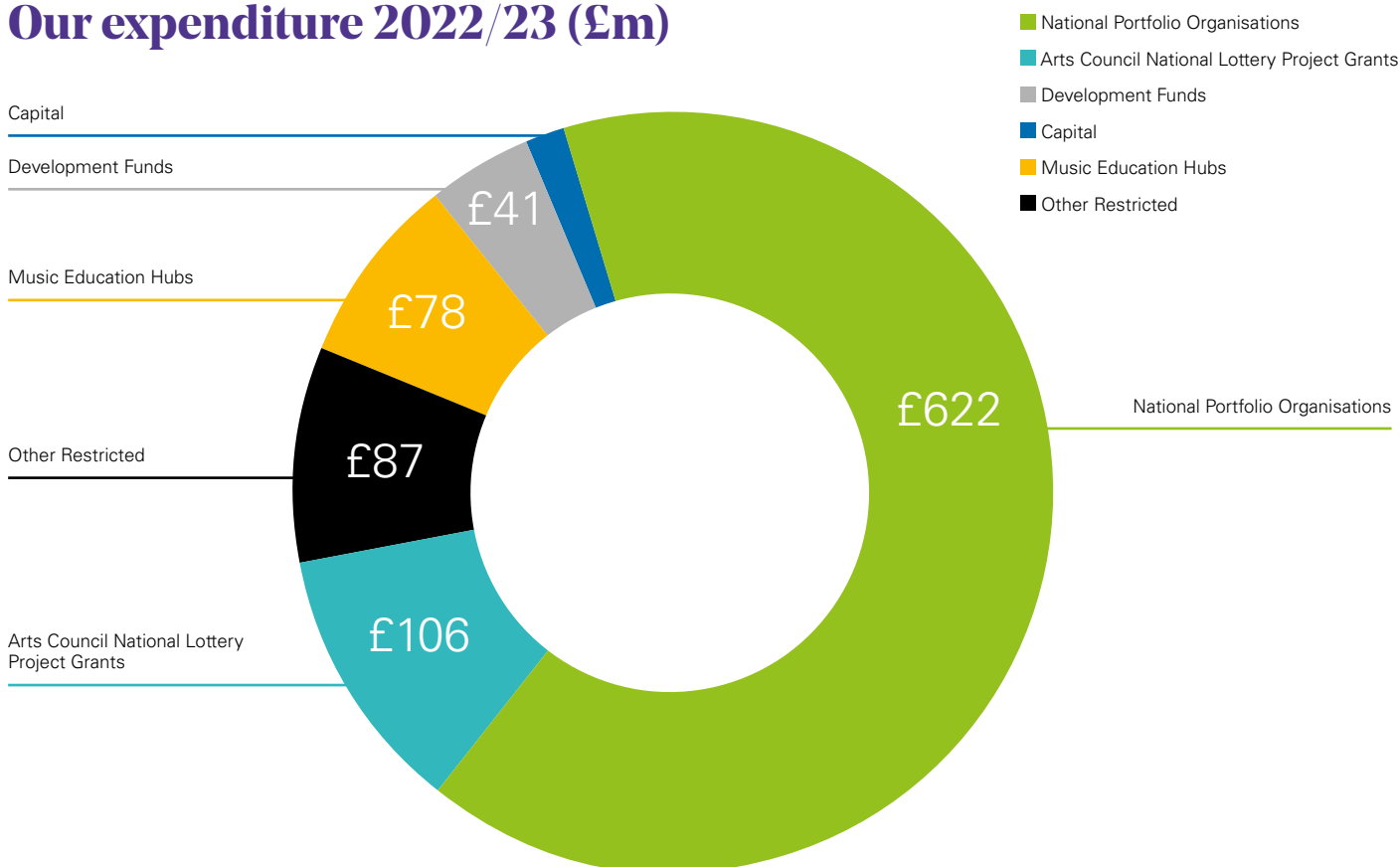
# Our key numbers for 2022/23

During 2021/22 and 2021/22 our grant-in-aid income rose as we distributed a large proportion of the Culture Recovery Fund for DCMS. It also led to an unusually high number of grants being awarded due to Culture Recovery Fund-related activity. Over the last three years the volume of grants awarded and grant-in-aid funding has reduced back to a normal level.

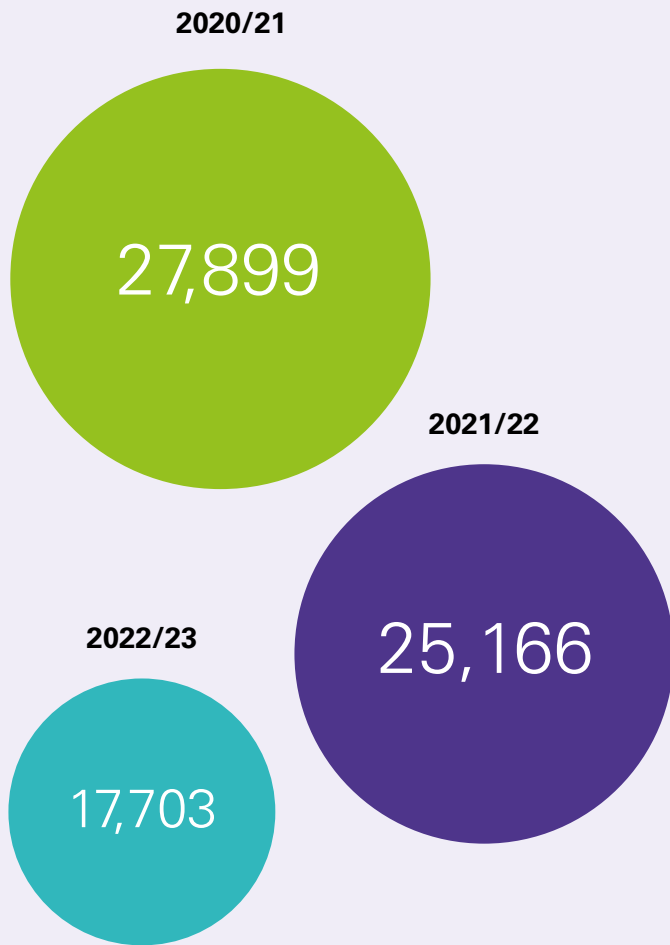
## Our total income (£m)



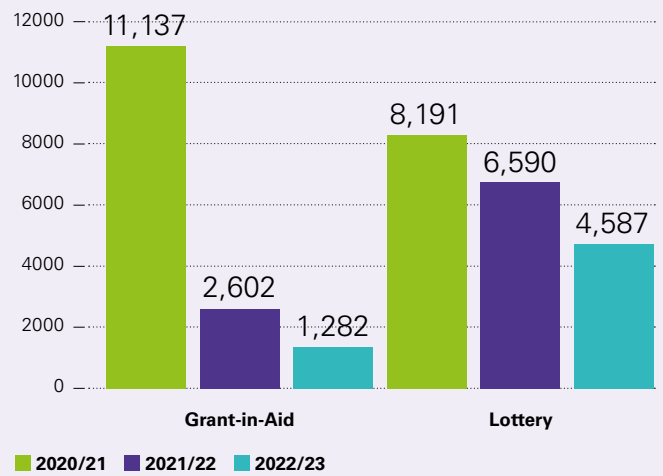
## Our expenditure 2022/23 (£m)



### NUMBER OF GRANT APPLICATIONS PROCESSED



### NUMBER OF GRANTS AWARDED

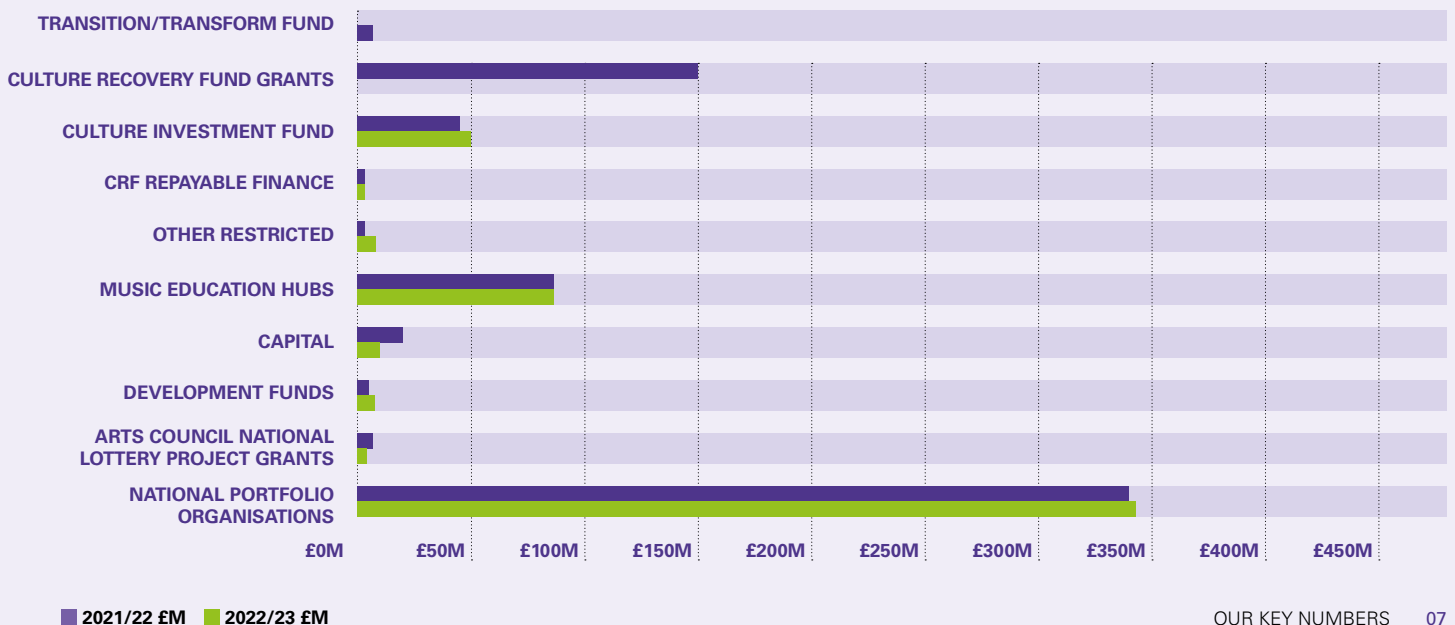


### TOTAL NUMBER OF GRANTS AWARDED



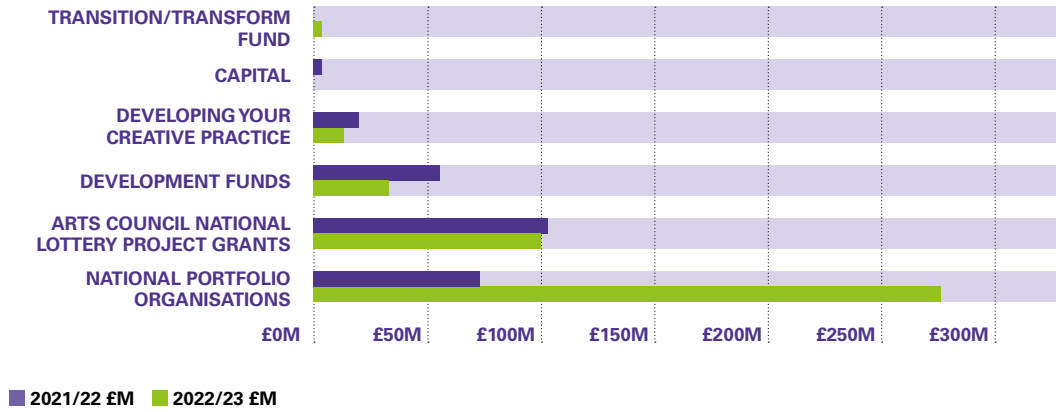
## Grant-in-Aid expenditure

Grants-in-Aid awards made by Arts Council England during 2022/23 were as follows:



# Lottery expenditure

Lottery grants made by Arts Council England during 2022/23 were as follows:





## Our organisation

### HOW WE MAKE THINGS HAPPEN



601

#### FTE EMPLOYEES

**2.20%**  
Median Gender pay Gap as at  
1st April 2022

**5.6%**  
Negative median ethnicity  
pay gap as at 1st April 2021  
(Median salary levels are  
5.6% higher for Black, Asian &  
Ethnically diverse colleagues  
than for White colleagues)

**71%**  
of colleagues in Upper Pay  
Quartile are female

Percentage of Disabled/Deaf  
staff has increased from 5.6%  
to 12% in the last five years



9

#### OFFICES

Office utilisation efficiency has  
improved from **7.31m<sup>2</sup>**  
to **6.08m<sup>2</sup>** space per FTE

**79%**  
of workforce located outside  
of London, and we maintain  
a meaningful local presence in  
regional centres in England

Successfully completed the  
relocation of our London office  
to smaller, naturally ventilated  
space, delivering annual  
savings of £330k pa and  
reducing carbon emissions



85

#### GOVERNANCE BODY MEMBERSHIP

**15**  
National Council  
members

**5**  
Area Councils







# 03.

**Arts Council  
Performance  
2022/23**

*Let's Create* is Arts Council England's strategy for creativity and culture in England, published in 2020. It sets out our vision for the next 10 years:

**By 2030, we want England to be a country in which the creativity of each of us is valued and given the chance to flourish, and where every one of us has access to a remarkable range of high-quality cultural experiences.**

This section shows our progress and achievements in 2022/23 against the three Outcomes in *Let's Create*: Creative People, Cultural Communities and a Creative & Cultural Country. Included in the report are examples of projects from across England, which tell the stories of the organisations and individuals our investment supports. To read *Let's Create*, click [here](#).

In 2022/23, much of the Arts Council's work was focused on processing applications to the 2023-26 Investment Programme. After publicising the programme widely we received 1,731 applications, an increase from 1,160 applications for the previous 2018-22 National Portfolio Organisation investment process. After assessing all applications, we chose a balanced portfolio of organisations who would help us deliver our strategy.

**We are investing £446 million each year in 985 organisations which we believe and expect will make the biggest contribution to realising our *Let's Create* vision over the next three years.**

This Investment Programme is the first that gives applicants the opportunity to respond to the Outcomes and the investment principles outlined in *Let's Create*. These principles were developed with input from those working in the cultural sector and people living and working in villages, towns and cities across England. They cover four areas: Inclusion & Relevance, Ambition & Quality, Dynamism and Environmental Responsibility.

There are two kinds of organisations in this Investment Programme. National Portfolio Organisations are those that deliver cultural and creative work, while Investment Principles Support Organisations help people and organisations in the cultural sector to integrate one or more of the investment principles into their work.

We look forward to seeing the work that these organisations produce, and also to hearing about the positive impact they have on their audiences and wider communities over the next three years.

In 2021 we published a delivery plan, which outlined how we would put *Let's Create* into practice from 2021-24. This plan included an impact framework, a set of indicators for measuring the impact of our work. To gather the data needed for this we have invested in new large-scale national data collection surveys. We will report on the work of the organisations in the Investment Programme and the impact they have had in future annual reports. You can read more about the impact framework [here](#).

Beyond the Investment Programme, this year we also commissioned our new audience data platform for organisations, **Illuminate**, which is being delivered by PwC. We continued to support the cultural sector with our free Impact and Insight Toolkit, which helps organisations to get data about what audiences think of their work. We extended our investment in **Elevate**, our programme to help diverse-led organisations become more resilient. We invested in our environmental programme with Julie's Bicycle. It now includes an improved version of the **Creative Climate Tools** to help cultural organisations make faster progress towards environmental responsibility in their work.

Throughout 2022/23 the arts organisations, museums and libraries we funded through our previous National Portfolio continued to deliver creative activities and cultural experiences in villages, towns and cities across England. Data on the reach of that work is still being collected and collated and will be published later in the year.



The Arts Council continued to deliver elements of the Government's £2 billion Culture Recovery Fund, designed to support the cultural sector during Covid-19, throughout 2022/23. We were the largest delivery partner for the fund, distributing over £1.1 billion to over 3,500 organisations, made up of £892 million in grants and £254 million in loans. This was the biggest single investment programme our organisation has delivered in its history.

The Culture Recovery Fund grant funding periods ended on 31 March 2022. In 2022/23 we focused on bringing the programme to an end, and over 99% of all activity and grants were completed. We continued to support grant and loan recipients where issues arose, and contributed to the Department for Culture, Media and Sport's evaluation of the programme.

We are now better placed to respond to challenges, crises, and opportunities in the future because of the skills, knowledge and lessons learnt through our work on the Culture Recovery Fund and our own response to the pandemic. We showed we could give support to organisations that needed help quickly and in innovative ways. We successfully increased our connections with organisations – including in the commercial and supply chain sectors – which in the past we had less contact with. Another success was our collaboration with the Government and other arms length bodies to rise to the challenge of delivering the fund effectively. Reviews by auditors praised our delivery of the programme.

## CREATIVE PEOPLE

### Everyone can develop and express creativity throughout their life

Taking part in creative acts such as singing, photography or writing delights and fulfils us, and helps us to think, experiment, and better understand the world. Creative People is about making sure everyone can access creative

activities and has the chance to develop their skills and talents throughout their lives.

To make this a reality, we will invest in a range of creative activities. They include amateur and commercial events, across all creative disciplines, taking place at home, in community spaces, and in dedicated cultural venues. We will focus on supporting the creative talents of ordinary people across the country, and making sure that more people can experience creativity throughout every stage of their lives, whether that is for their own enjoyment, or with the intention of starting a career in the creative industries. We will work to find out more about the kind of activities and experiences people want, and encourage the organisations we fund to put the public at the heart of their work.

### Our investment in Creative People

In 2022/23 we assessed applications to our 2023-26 investment programme. As a result, we have welcomed **985 arts organisations, libraries and museums** into our new National Portfolio from 1 April 2023. Many of these organisations provide opportunities for people to get involved in activities that will help them develop their creative skills, such as youth drama groups, music lessons and writing workshops.

We have built a portfolio of regularly funded organisations who will help us deliver the vision of *Let's Create*, developing new projects and ideas and creating engaging cultural experiences in which people across the country can participate. We want an even wider range of people to participate in culture and have the opportunity to be creative through *Let's Create* and the new portfolio.

- We delivered the first stages of **Talent 25**, an action research programme in partnership with De Montfort University, Leicester. The research tracks children from birth until their 25th birthday to understand the benefits of creative activities for young people and investigate how we can remove barriers to getting involved. The programme

takes referrals from NHS GP practices and community groups. It has worked with 320 babies and their families and carers so far.

**The National Saturday Club** gives 13 to 16 year olds the opportunity to study creative subjects at their local university, college or cultural institution for free. It encourages young people to be creative and means they can develop skills in seven subject areas: art and design, craft and making, fashion and business, film and media, science and engineering, society and change, and writing and talking.

In 2021/22, 1,366 young people went to one of 74 Clubs in more than 50 places across England.<sup>1</sup> Young people who joined in said that the Clubs gave them confidence, the chance to develop new skills, and progression opportunities.

81% of young people attending Saturday Clubs in 2021/22 were from under-represented backgrounds, including those with disabilities or from lower socio-economic backgrounds. This is a rise from 46% in 2018.

96% of young members said that going to a Saturday Club influenced their future plans, with 81% saying they now know more about careers opportunities.

The **University of Northampton's** Art&Design National Saturday Club ran 17 sessions for 24 members in 2021/22. Club members really enjoyed joining in-person sessions after the period of lockdowns, and embraced connections to the area's long history of leatherworking and footwear design.

*"The Saturday Club offers many opportunities for young people to experience a variety of possible career destinations, and to build their confidence in different subject areas. It enables them to explore and develop their skills across*

*a variety of creative and practical classes and build an understanding of possible career goals which can then be supported by pursuing their future career dreams at university."* Caroline Lloyd, Tutor, University of Northampton

One student said they felt 'honoured' to participate in Saturday Club. They explained that they had discovered the rewards of persistence in achieving their creative goals, and at the end of the sessions in March 2022 they eloquently spoke on behalf of the entire group to thank all the tutors, co-ordinators and student ambassadors for their contribution.

Another student with autism was sensitively supported throughout the sessions to work at a pace they found comfortable and grew incrementally to work outside her comfort zone. She demonstrably grew both in terms of personal confidence and skills, with greater ability to work productively with others and to persist with her own work when things became technically or conceptually difficult.

- In June 2022 the Department for Education published a new National Plan for Music Education. As part of the plan, the Department will continue to invest £79 million per year in Music Education Hubs, which are groups of organisations that provide music education for young people, in and out of the classroom. The Arts Council has continued as the administrative body for this funding, and in 2022/23 we have supported Hubs to recover from the effects of Covid-19. We launched the new Music Hub Investment Programme with events and consultation with people working in music, education, culture and the creative industries, as well as students and their families.

<sup>1</sup> National Saturday Clubs data runs in accordance with the academic year; this data is from 2021/22.

- In 2021/22, Music Education Hubs<sup>2</sup>:

Worked with **19,008** schools (over **86%** of all schools).



**837,866** children and young people participated in lessons with or supported by a Hub.



Supported **11,517** ensembles, with **107,804** children taking part.



2022/23 was the beginning of **The National Youth Dance Company (NYDC)**'s tenth anniversary. The Company brings together talented young dancers from across the country to work and perform professionally, and 96% of the programme's alumni have gone on to further dance training. NYDC has developed a successful schools outreach programme and has run workshops across the country. 88% of people who took part in workshops said that their confidence has improved, with some going on to audition for the main company.

Adhya Shastry started dancing Bharatanatyam, the classical Indian dance form, when she was nine years old at the performing arts group Kalakunj in Reading. She went on to study contemporary dance and ballet through a Centre for Advanced Training (CAT) scheme at The Place in London and joined NYDC for 2021/22. In May 2022, Adhya won the BBC Young Dancer of the Year title.

- Our national programme, **Celebrating Age**, delivered in partnership with the Baring Foundation, came to an end in 2022. During the programme (2017-22),

32 projects received a total of £3 million funding for up to three or four years. Funded projects worked with a total of 548 partners across the programme. Projects spanned a wide range of artforms, and included workshops, programmes, events, festivals, exhibitions and performances in arts and cultural venues, housing and care settings, and a range of public spaces. Some commissioned new works of art from older artists, and/or explored ageing or oral histories. 31,000 people joined in with over 2,500 activities, and nearly three quarters of the participants were aged 65 and over. Half of the participants said that their day-to-day activities are limited because of a long-term health condition or disability (a quarter said they were limited 'a lot').<sup>3</sup>

- We commissioned and published a toolkit produced by Common Vision and Creative United called Learning from the Pandemic, which brings together case studies and practical ideas from the first two years of the pandemic that helped communities to participate in creativity and culture. These range from creative sessions for house-bound people, creativity boxes for families to unpack and explore, and live streamed library Rhyme Time sessions for babies and toddlers.

We invested in projects that support health and wellbeing, where people of all ages were involved in and benefited from creative activities.

- Around 11,000 people were supported by the **Thriving Communities Fund** – an average of 296 participants per project. The Thriving Communities programme provided thousands of people with an opportunity to connect with others through planned and coordinated activities. Local partners have helped to empower people to feel they could take more control of their lives, feel less isolated and make connections.<sup>4</sup>

<sup>2</sup> Music Education Hubs collect data for academic years; this data is from 2021/22.

<sup>3</sup> <https://www.artscouncil.org.uk/celebrating-age-programme-evaluation-final-report>

<sup>4</sup> <https://www.artscouncil.org.uk/thriving-communities-fund-evaluation-report>

- Around a third of participants supported were from Black and minority ethnic groups, suggesting that these communities were more strongly represented compared with the national population.
- Just less than half of the participants reported having a long-standing health condition or disability, which is nearly twice the national figure.
- Four in ten participants reached by the programme live in the top 30% of the most deprived communities in England.

This provides evidence of the contribution that the programme has made in engaging communities most likely to suffer from health inequalities. Local evaluations from the projects reported that social capital and social connectedness are important drivers of improving wellbeing at both a community and individual level.

**Hospital Rooms** received a National Lottery Project Grant of £95,000 to make sure that art and creativity were offered at a new mental health hospital being built in Tooting. Service users and staff participated in the project, which also provided training for young artists, in collaboration with National Portfolio Organisation **National Opera Studio**.

*“The wellbeing and enjoyment of each participant was put at the forefront. Seeing some of the students at the College being shy and apprehensive at the start of the course and then watching how the facilitators were able to put people at ease was exceptional.”*

- Peer Support Worker, Recovery College, Springfield Hospital

This successful work will be extended as Hospital Rooms and National Opera Studio are part of our National Portfolio for 2023-26.

## CULTURAL COMMUNITIES

### **Villages, towns and cities thrive through a collaborative approach to culture**

This *Let's Create* Outcome focuses on communities and the places they live. We want to make sure that opportunities to engage in culture are more evenly spread across the country and that people in villages, towns and cities have a greater say in what creative and cultural opportunities are available in their neighbourhood. We are committed to working with local stakeholders to increase opportunities for children and young people, and to make sure that investment in culture leads to more socially cohesive and economically robust communities, where residents experience improved physical and mental wellbeing. We use capital investment to make sure that more places across England have the physical and digital infrastructure they need to support high quality cultural and creative experiences. We support towns, cities and villages to use culture to connect internationally and to reflect the diverse influences, experiences and knowledge of their diaspora communities.

Over the last two years we have laid the foundations of our place-based approach from identifying priority places and refocusing our ways of working to create more time for staff to undertake development work in them, to establishing a new national portfolio that reaches more places than ever before. We continue to support all places across England through our three-pronged approach:

- Increasing investment and staff development time in priority places
- A universal offer available to all parts of the country
- Ensuring that our investment in places



where joint investment in culture is relatively high works harder to deliver improved public benefits

## Our investment in Cultural Communities

In 2021, we identified 54 priority places across England where engagement and our investment was too low. In our baseline year (2019/20), National Lottery Project Grants and Developing Your Creative Practice investment in the places that would later become priority places was just £10 million. In 2021/22, we invested £16.4 million through National Lottery Project Grants and Developing Your Creative Practice in priority places, and in 2022/23 this increased by a further 14% to £18.7 million.

Through our National Portfolio investment process in 2022/23 we significantly rebalanced our investment across the country, ensuring that from 2023/24 our National Portfolio investment in Priority Places will increase by 141%.

- **141%** New Portfolio increase in investment in Priority Places
- **95%** New Portfolio increase in investment for Levelling Up for Culture Places

### Priority Place case study: Rochdale

Rochdale is an ethnically diverse urban area in North West England. There is a strong ambition for culture in the town, despite just 39 per cent of adults regularly engaging with it.

Work to develop cultural capacity and ambition in Rochdale began in 2017 with the consultation 'Revealing Rochdale'. This showed that partners were committed to developing a high-quality cultural offer for Rochdale that could shape the borough and tackle the low levels of engagement and investment in cultural activity.

Arts Council England supported **Your Trust**

(formerly Link for Life) as they developed a new cultural strategy (Pioneering Creativity) in 2020, and met senior staff across the local authority and Rochdale Development Agency (the organisation responsible for attracting inward investment into the borough) to advocate for the impact that culture could have on its corporate priorities.

Using Town Fund Mobilisation funding, the Council commissioned a cultural asset strategy to understand what infrastructure would be needed to meet the strategy's visions.

The Arts Council made Rochdale a priority place in 2021. Our staff provided advice and support based on the priorities identified in the Pioneering Creativity Strategy and Cultural Asset Strategy, and has since invested:

- £696,352 from our Capital Investment Programme into the building where new National Portfolio Organisation **Cartwheel Arts** will be based
- £4,199,365 Cultural Development Fund grant to redevelop **Touchstones Arts and Heritage Centre**, home to new National Portfolio Organisation **Your Trust**

These projects connect with and add value to a larger £8.3 million Town Hall capital programme supported by National Lottery Heritage Fund.

The Council created a Strategic Development Lead: Culture and Visitor Economy to develop cultural development further across the borough. It continued to develop local cultural policy, including a new festivals strategy and a visitor economy strategy with culture as a key focus. Rochdale Borough Council went on to receive investment from the UK Shared Prosperity Fund.

The Arts Council's advocacy, advice and investment helped grow the capacity for culture in Rochdale, and positioned culture at the heart of corporate priorities.

Capacity for culture in Rochdale now includes a cultural strategy, a Cultural Compact, culture embedded in key local strategies, a Principal Culture Officer, four National Portfolio Organisations, and two new major capital developments. In 2023/24, annual National Portfolio Organisation investment in Rochdale will increase 341% from the 2019/20 baseline. Two new organisations (**Cartwheel Arts** and **Your Trust**) join the National Portfolio, as well as a major uplift to existing National Portfolio Organisation **M6**.

Investment in Rochdale through National Lottery Project Grants and Developing Your Creative Practice has grown from £115,797 in 2019/20 to an average annual investment of £208,057 over the first two years of the 2021-24 Delivery Plan, an increase of 79%.

Our universal offer includes the majority of our funds such as National Portfolio Organisation funding, Developing Your Creative Practice and National Lottery Project Grants, ensuring that cultural opportunities are available across England. Support for touring is an important element of our universal offer. In 2022/23 National Portfolio Organisations toured to cities, towns and villages, and we invested **£1,381,629 across 32 awards** through our National Lottery Project Grants touring strand. Major National Lottery Project Grants-funded touring projects which reached communities in our priority places, in Levelling Up for Culture places, and across the rest of England included:

- **The Rural Touring Dance Initiative**, a three-year programme working with local presenters to bring high quality performances to rural communities

- **RUSH: A Joyous Jamaican Journey** which celebrates the arrival of reggae music in Britain with the Windrush generation to reach mid-scale audiences in urban communities

Creative People and Places delivery partner Super Slow Way co-commissioned **Small Bells Ring**, a floating library on a narrowboat created by artists Heather Peak and Ivan Morison that houses the UK's largest collection of short stories. In 2022/23 the narrowboat, RV Furor Scribendi, visited communities along the Leeds & Liverpool Canal.

We supported the Commonwealth Games Cultural Programme with a direct grant of £3 million that supported 165 projects and 56 commissions, reached 2.4 million attendees and over 40,000 participants, and involved 3,647 artists. A further £3.1 million National Lottery Project Grants investment was awarded to organisations and individuals for projects aligned to the Birmingham 2022 Commonwealth Games.

Effective place-based development means working with local stakeholders and communities. Local Cultural Education Partnerships and Cultural Compacts are important place-based groups working together across sectors to make sure that arts and culture are at the heart of local strategies, including economic development. These groups play a central role in increasing opportunities for children and young people. In 2022/23 we invested £400,000 in Cultural Compacts, and in October 2022 we launched a national peer learning programme to support place-based groups of organisations to share learning and better address the cultural needs of their communities.

**Stoke Creates** is a network of organisations with expertise in culture, industry, education, and civic leadership. It works with arts and cultural organisations

in Stoke-on-Trent and North Staffordshire to develop and support their work in local communities. Since becoming a Cultural Compact, Stoke Creates has launched several initiatives and projects that support and develop advocacy in arts, creativity and culture. They have established an 'Exchange Forum' which has more than 30 members, giving local artists and creative organisations within Stoke the opportunity to network and access new opportunities. Stoke Creates has also set up philanthropy network **Made in Stoke**, and supported organisations applying to join the 2023-26 National Portfolio.

Our **Creative People and Places** programme focuses funding on parts of the country where engagement with creativity and culture is significantly below the national average. Creative People and Places projects are delivered by place-based groups and driven by the aspirations of local communities.

**In 2022/23, we brought 39 Creative People and Places programmes covering 57 local authority areas into the National Portfolio**

In 2022/23 we ran a comprehensive induction programme for the new Creative People and Places projects, and established Action Learning Sets with their directors. Since 2013, people have taken part in Creative People and Places activities over 14 million times. We published 10 years of learning from our Creative People and Places programme this year which you can read about [here](#).

One of our Creative People and Places projects is **Leftcoast**, who worked with its consortium members Blackpool Council's library service and Blackpool Coastal Housing and architects Lee Ivett and Ecaterina Stefanescu to create

**Wash Your Words: Langdale Library and Laundry Room.** This is a multi-purpose space with a workshop programme which brought an empty office space back into community use, providing families with access to books, laundry facilities and cultural opportunities. Leftcoast and partners worked with communities across Blackpool to understand their needs and interests, and the resulting project is testing a community ownership model and how facilities can be shared for both environmental and economic benefit. The project was shortlisted for a RIBA Award in 2023.

We are committed to working with local stakeholders to increase opportunities for children and young people.

- Through our Place Partnership Fund we invested £800,000 in the **Kirklees Year of Music 2023**, a year-long programme to strengthen the music scene in Kirklees. A key strand of the project is a Young People's Year of Music delivering music education, aspiration, skills, and inclusion for children and young people across the borough.
- We invested £2 million in extending the **National Literacy Trust's Connecting Stories** programme which reaches 14 place-based hubs. The project improves children and young people's access to literary experiences and helps provide books in communities where levels of reading for pleasure have been low. Since 2020, Connecting Stories has reached more than 200,000 individuals and been supported by 43 publishers and 95 authors and other creatives.

We want cultural investment to help communities improve their social cohesion and be more economically robust. We are committed to investing in projects where the physical and mental wellbeing of residents is improved too.



- In 2022/23 we made the first grants through our new Place Partnership strand of National Lottery Project Grants and invested £7 million across 11 projects. These projects will see a change in the cultural provision in their communities, with almost all of them including activities for children and young people. Many of the funded projects focus on social cohesion, health and wellbeing, pride in place, and economic development. Nuneaton & Bedworth's **Creative Explorers** Place Partnership Project is a 21-month journey with the local authority, arts organisations, artists and communities working together to create a unique cultural identity for Nuneaton & Bedworth through a programme of activity that will build skills, generate civic pride and confidence, develop the visitor economy and lead to a creative borough.
  - Our funding supported projects to foster social inclusion in communities that have limited access to arts and culture:
    - The **Volunteering Futures** programme invested £4.6 million in 19 projects which delivered high quality volunteering opportunities for young people and others who have experienced barriers
    - Through **Know Your Neighbourhood** we distributed £4.4 million to Libraries Connected, the Association of Independent Museums, and Creative Lives to run projects in 2023/24 that help people at risk of chronic loneliness to participate in arts, culture and heritage opportunities. The programme's initial strand focused on a volunteer recruitment programme to deliver activities to build on the work of 'warm hubs' – which had been set up as energy bills were rising to provide warm, friendly spaces for individuals and families to spend time in – and also help those who feel socially isolated or lonely
    - **The Let's Create Jubilee fund** saw £5 million distributed via local Community Foundations to support over 700 community-led events that brought communities together in celebration and fostered civic pride
  - In 2022 the final evaluation of the Great Place scheme was published. The programme was launched by Arts Council England and The National Lottery Heritage Fund in 2016 and supported 16 projects across a range of areas. The evaluation concluded that the new approaches to working in areas and delivering culture led to improved social, cultural and economic outcomes for local partners:
    - Local pride and people's sense of belonging to an area increased.
    - Training and development opportunities were created, increasing the skills of cultural practitioners, providing training to stakeholders outside of the cultural sector, and offering opportunities to target audiences across their local communities.
    - Projects successfully engaged audiences from low-income areas – with a fifth of participants coming from the 10% most deprived areas in England – and audiences from Black, Asian and Ethnically Diverse groups, accounting for a fifth of all audiences in year 3.
    - Culturally, local partners have had opportunities to deliver new, engaging work that might not otherwise have been realised.
- There is growing evidence that creative and cultural activity can lead to improved health and wellbeing.
- In July 2022 we published our first Creative Health and Wellbeing Plan which brings together key partners including the Department for Health and Social Care, NHS England, NHS Improvement, and Public Health England (now the Office of Health Improvement and Disparities), as well as national charities such as Age UK, Mind, and Scope. We invested £666,000 in the **Creative Health Associates**

**Programme** led by the National Centre for Creative Health following the Plan's publication.

**Raw Material Music and Media**, a purpose-built creative hub in Brixton, worked with 250 community members who previously faced barriers to creative access. The project focused on individuals of all ages experiencing mental ill health.

*"It's genuinely helping a lot with my mental health and the community as well as the people are super kind, welcoming and easy to work with and talk to. Appreciate the sessions a lot more than you can imagine. Thank you for the opportunities and being able to work with others and experiment and grow with music!"*

– GJ, 21

*"Your support has been the gift of my life. I spent the last 25 years working in a kitchen and I've never had a chance to experience anything like this."*

– Antonio, older adult member

Public libraries are at the heart of our work in developing our place-based approach. Libraries and museums often reach into places with few or no other cultural buildings. The number of libraries supported through the National Portfolio has more than doubled from 7 to 18, and National Portfolio investment in libraries has increased by 166% to £4,162,720.

We work closely with them to ensure that they play a central role in supporting levelling up and community building, developing employability and helping to deliver health, wellbeing and loneliness strategies and providing better access for more people to digital technology including the internet – helping to close what is referred to as the digital divide. To help achieve this we refreshed our guidance for National Lottery Project Grants so that libraries can use that

programme to deliver the four Universal Library Offers (Reading, Health & Wellbeing, Digital & Information, and Culture & Creativity).

- Our ongoing partnership with the **British Library** is demonstrating the range of activities that public libraries in England offer. We invested £3.4 million in LibraryOn from 2021-24 to support library services with digital projects and improve their online presence.

We will use capital investment to make sure that more places across England have the physical buildings and spaces, and digital technology they need to support high quality cultural and creative experiences. In addition to our own capital programmes we deliver the Cultural Investment Fund on behalf of the Department for Culture, Media and Sport (DCMS).

- In 2022/23 we awarded £32 million to eight new projects through the third round of the Cultural Development Fund. The newly funded projects include a £5 million investment in a partnership between the public sector (East Lindsey District Council), a cultural organisation (Magna Vitae) and a leisure operator (Mellors Group) in Skegness. The partnership will establish a new international 'Culture House' through transformation of the Embassy Theatre and regeneration of Skegness Pier and the surrounding area, providing new creative business space, pathways to creative employment and active cultural participation, and a year-round visitor economy.
- We invested over £21 million in 36 new projects through the Museum Estate and Development Fund in 2022/23. Projects that were funded in previous rounds opened their doors to the public, including Gosport Historic Diving Museum where investment from the Museums Estate and Development Fund meant that two thirds of the building have been brought back into a safe and usable condition, with improved access and more collections on display.

- We invested £4.9 million in 27 projects through the Libraries Improvement Fund in 2022/23. Capital projects supported in previous rounds that were completed this year included a new Digital & Performance Suite in Leicester’s iconic St Barnabas Library with public PCs, a video editing room, film making equipment, a performance area and viewing screen. The space has allowed the library service and partners to provide performance activities and digital and production skills workshops for children, families and adults across the city.

Our investment will support towns, cities and villages to use culture to connect internationally and to reflect the diverse influences, experiences and knowledge of their diaspora communities.

- **Coventry City of Culture** – a year-long celebration which reflected the diversity of Coventry – came to an end in 2022/23. One of the programme highlights was **Rivers of the World** – collaborative artworks linking children and young people in primary and secondary schools in the UK with children and young people in partner schools in developing countries around the world.
- The annual **Yaram Masquerade Festival Tour** in Newham was funded through National Lottery Project Grants this year. It programmes world-class acts and artists from the wider West African diaspora, and caters primarily for the Senegambian diaspora communities in the area. In 2022 the festival spread its wings and went on tour to reach Senegambian diaspora communities in Coventry, Manchester, Brighton and Leeds.

## A CREATIVE & CULTURAL COUNTRY

### England’s cultural sector is innovative, collaborative, and international

This *Let’s Create* Outcome focuses on the professional cultural sector, encouraging organisations and individuals to work

innovatively, collaboratively and internationally to create the best possible art and cultural content for people across this country to enjoy. To do this, the cultural sector needs to nurture and engage with talent that reflects the diversity of this country. The sector needs to work in partnership with higher and further education and the wider creative industries, and to learn from best practice across the world.

During 2022/23 we worked on several international projects designed to create links between individuals and organisations in England with their international peers.

- The **Horizon Showcase** in Edinburgh is a support, development and international showcasing programme which includes residencies, bursaries, showcasing opportunities and onward touring support. Horizon is delivered by a group of six organisations: Battersea Arts Centre, FABRIC, Fierce, GIFT, MAYK, and Transform. [Early Evaluation](#) findings already show a return on investment in international showcasing in theatre and dance.

### Horizon Showcase outcomes:

**33** Horizon Showcase lead artists and performers

**2,531** audience members

**£21,781** in box office revenue

**847** employment days

- We delivered our **International Touring and Environmental Responsibility Programme** in partnership with the Danish Arts Foundation and Julie’s Bicycle. The programme was designed to share inspiring approaches to environmentally responsible touring for other cultural organisations to learn from. 20 participants – 10 from the UK and 10 from Denmark – were selected



in 2022/23 from more than 90 applications to undertake a seminar programme led by Julie's Bicycle. The programme will expand next year as Arts & Culture Norway (Kulturradet) joins as a partner.

- **Cultural Bridge** helps to join up creative and cultural partnerships in the UK and Germany. In 2022/23 the pilot programme brought together Arts Council England, Creative Scotland, Arts Council Wales, Arts Council Northern Ireland, Goethe Institute London, and the Fonds Soziokultur and the British Council in Germany to support seven new collaborations across the UK and Germany. The collaborations received up to €25,000 each to start projects which explore socially engaged practice. Fifteen new Cultural Bridge partnerships were announced in January and will work together in 2023-24.

#### Cultural Bridge outcomes:

**16** funded organisations

**70** artists and practitioners

**187** community participants

**750** people engaged as audiences

- The **Magnetic** programme brought together eight venues in the UK and France to create artist residencies. UK-based artists are hosted by four venues in France: CAPC in Bordeaux, CRAC Occitanie in Sète, FRAC Grand Large in Dunkirk, and Villa Arson in Nice. And in the UK, French-based artists worked with: Grizedale Arts in England, Flax Art Studios in Northern Ireland, Cove Park in Scotland, and Aberystwyth Arts Centre in Wales. Magnetic will gradually build a network of partner institutions with shared commitments and values.

We also focused on driving innovation and supporting the sector to use new technologies

for the creation and distribution of cultural content.

- The seventh annual showcase **Future Art and Culture** took place at SXSW in Austin, Texas, in March 2023. Developed and delivered in partnership with British Underground, Future Art and Culture builds the international profile of our cultural sector's work in arts and technology and showcased British work exploring the boundaries of art and technology. Future Art and Culture was presented through exhibitions, panel discussions, partnerships and networking events. One of the Future Art and Culture projects was **In Pursuit of Repetitive Beats** by Darren Emerson and East City Films, which was originally presented as part of the Coventry City of Culture Programme before premiering at SXSW. Alongside these innovative experiences, Future Art and Culture also curated the **UK Immersive Takeover** at UK House in Austin, which was a series of panels and discussion events with the projects' creators.

We also focused on driving innovation and supporting the sector to use new technologies for the creation and distribution of cultural content.

- The **Digital Culture Network** provides free and practical support to the cultural sector. Our Tech Champions are specialists in their fields and help the sector to explore and use the benefits of technology to achieve their goals, find new ways to reach and engage audiences, develop sustainable business models, and maximise income opportunities. See page 33 for the Digital Culture Network Key Performance Indicator data. We received excellent feedback from the sector in 2022/23:

*"Rapid fire response times and top-level knowledge. As always, the DCN Champion's support was first-rate and made my challenge surmountable, and*

*they gave me the tools to make a solid plan of approach too...It's great to have this resource to tap into experts in their field. Once again, excellent support from DCN."*

– ArtReach Trust Ltd

*"We left the meeting feeling energized and excited about how we can develop our marketing. The support was outstanding."*

– South Gloucestershire Council Library Service

*"In the consultation, I had an opportunity to share my ideas and the challenge I face in trying to work with a medium I have no language for and very limited understanding – but a vague idea that it could be very powerful. The DCN Champion was a great listener and from the outset, gave me ideas and examples of other projects and concepts which had been brought to life using an aspect of digital technology. I have got some language now and the very early stages of knowing that it is possible to do something very exciting – bringing to life some 900-year-old carvings. I was particularly impressed that the Tech Champion had done some research before we spoke – this shortened my briefing and made the meeting efficient. Thank you."*

– St Kyneburgha Building Preservation Trust

**The Digital Culture Awards** were held on 29 March 2023. The nine categories celebrate innovation in areas including digital content creation and distribution, online audience engagement, digital income development strategies, data-led decision-making and overall commitment to digital skills development and capacity building.

We The Curious won the Income Generation category in the 2023 Digital Culture Awards, for work on their online shop to generate income for their charitable aims. We The Curious is an educational charity and interactive science centre in the heart of Bristol's harbourside. Their gift shop aims to enhance and extend visitors' experience with products that spark curiosity while being sustainable and affordable.

We The Curious was praised for "a transformational project and a great example of internal digital upskilling for digital resilience" (Emma Roberts, Income Generation Judge).

- We invested money from the Department for Education in Music Education Hubs. They continue to be fundamental in supporting a diverse and dynamic music and music education workforce, with 11,357 staff from a range of backgrounds and skills.
- We are partnering with Bloomberg Philanthropies to manage the Digital Accelerator Programme in the UK. We are currently providing advice and support to 45 organisations of varying size, discipline and geography to enhance their digital infrastructure and skills, helping to ensure their long-term success.
- We support organisations to work innovatively and sustainably through our investment in the Arts & Culture Impact Fund. The £20 million fund is managed by the innovation agency Nesta. During 2022/23 the fund loaned £1.82 million to four organisations which the Arts Council invests in. These loans will support them to develop new projects that will benefit their communities.

## Supporting individual artists, communities and cultural organisations

2022/23 was critical for creative and cultural practitioners, who are still grappling with the after-effects of the pandemic. The cultural sector is highly dependent on the talent, skills and availability of freelancers, and the Arts Council continues to provide investment and opportunities to help attract, retain and sustain individuals and organisations through National Lottery Project Grants (NLPG) and Developing Your Creative Practice (DYCP).

In 2022/23 we awarded 2,982 National Lottery Project Grants totalling £105,471,233.

### The Old Market Theatre

TOMtech: Training Artists for the New Immersive

Brighton and Hove's The Old Market theatre's 2023 TOMtech programme includes the building of a large-scale, 360-degree suite where immersive programmes can be developed, as well as being used as a mid-scale touring venue.

To be able to support artists and producers to create new work, The Old Market have developed a Spatial Narrative/Lightform lab training programme. At the end of the project, it expects to have six micro-commissions which the public can visit. The Old Market will be guided by their youth board 'Tastebreakers', giving young people from diverse backgrounds the meaningful opportunity to input into programming.

The programme will include 1927, Marshmallow Laser Feast, and musicians Soumik Datta and Halina Rice. Halina Rice delivered her training support to over 30 emerging creatives in March 2023, and performed a series of immersive gigs in the venue using the theatre's new projection equipment.

Future ambitions for the programme include working with local NHS partners to deliver social prescribed activity, and delivering an environmental-themed under water immersive experience which is tailored to suit Neurodiverse audiences, in particular those with autism, severe learning difficulties, profound and multiple learning difficulties, or dementia.

### Music Managers Forum, London

The Music Managers Forum represents over 1,400 UK-based music managers. It is committed to providing long-term professional development to its members, helping them to upscale their businesses and support the widest diversity of creative talent.

Supported by National Lottery Project Grants, the Accelerator Programme for Music Managers is a ground-breaking grants and training initiative which celebrated its fourth edition in 2022. In the programme, 24 managers from across the UK receive funding of up to £15,000 from YouTube Music alongside sessions with experts and industry partners, supported by Creative Scotland and the Scottish Music Industry Association.

Almost 100 artists, songwriters, producers and DJs were supported in 2022, including:

- **Anique Cox**, who oversaw Bree Runway's astonishing rise to international acclaim
- **Rich Goodwin**, who took Rotherham's The Reytons to number one in the UK album chart
- **Rapheal Adekunle**, putting Swindon on the map by signing three acts to different major labels, alongside his phenomenal successes with S1mba,



whose breakout track *Rover* has been streamed more than 700 million times

The Accelerator Programme for Music Managers is now widely recognised as one of the UK's most successful development networks for music entrepreneurs. Previous Accelerator alumni have achieved major successes with artists including PinkPantheress, FLO, Moonchild Sanelly, Squid, ShyGirl, Moses Boyd and Wes Nelson.

We launched a **Supporting Grassroots Live Music** time-limited fund through our National Lottery Project Grants programme in 2019. A 2022/23 evaluation shows the impact that the fund has had on supporting talent within the industry and diversifying audiences<sup>5</sup>:

### Key outcomes from the evaluation:

- **80%** (45) respondents had supported more artists
- **63%** (35) had supported a more diverse range of artists
- **63%** (35) were programming a wider range of genres
- **59%** (33) had developed a more diverse audience
- **64%** (36) had engaged more with local individuals and/or groups
- **59%** (33) worked with higher quality artists

- **34%** (19) had produced more live streamed/watch on demand content
- **43%** (24) reached a younger audience
- **63%** (35) developed crucial new relationships/networks
- **46%** (26) had improved their sound/lighting equipment
- **29%** (16) had improved their environmental performance
- **13%** (7) had improved their venue accessibility
- **38%** (21) had developed new income streams
- **45%** (25) described themselves as more financially resilient
- **41%** (23) had changed their long-term business models

### Supporting freelancers

In 2022/23 we invested £14 million in freelancers through our Developing Your Creative Practice funding programme.

The 2022 evaluation of the programme showed that Developing Your Creative Practice:

- Reached a wide range of people
- Supported diversity, flexibility, and autonomy

<sup>5</sup> [Supporting Grassroots Live Music evaluation report](#)

- Helped practitioners to make a step change
- Supported development activity that otherwise would not have happened.

The evaluation also found that the fund has resulted in greater innovation, more development of talent, increased collaboration, improved access to international opportunities, and more sustainable and resilient careers. It has supported improved diversity in the workforce and given people the skills to progress into leadership roles.

- We invested an additional £29 million in freelancers through National Lottery Project Grants.
- In Summer 2022 a group of freelancers delivered 'Freelance Futures', a 9 week programme of events that brought together freelance practitioners, organisations, funders and policy makers to focus on improving conditions for freelancers. As well as the live conversations, workshops and discussions, resources were developed to support freelancers and organisations to help improve the conditions of freelancers working in the creative and cultural sector.

### **Our new National Portfolio Organisations, 2023-26:**

Applicants to the 2023-26 National Portfolio were encouraged to consider how they could better support creative practitioners through their work.

There was a strong commitment from applicants to the National Portfolio to supporting creative and cultural practitioners to begin and sustain careers in the creative industries, and to supporting the development of pathways into the creative industries:

- **68% (670)** of new National Portfolio Organisations have planned activities to develop and improve pathways towards careers in the creative industries
- **71% (704)** of new National Portfolio Organisations have planned activities

to give more opportunities to people to start a professional career in the creative industries, especially those who are under-represented

- **73% (721)** of new National Portfolio Organisations have planned activities to make sure that people have opportunities to sustain their careers and fulfil their potential in the creative industries, especially those who are under-represented

### **Our new Investment Principles Support Organisations, 2023-26:**

- 10 Investment Principles Support Organisations (IPSOs) will target their support on creative and cultural practitioners specifically, including five organisations who are new to the portfolio: Deaf Explorer CIC, TheSpace CIC, MeWe Foundation, Culture Central, and PIPA
- There are also five continuing Portfolio members that will provide targeted support for practitioners: Arts Marketing Association, OutdoorArtsUK, London Arts in Health Forum, Culture, Health & Wellbeing Alliance CIC.

### **Graeae Theatre Company, London**

We supported Graeae Theatre Company to deliver the National Leadership Programme throughout 2021 and 2022 through the Transforming Leadership Fund.

This programme aimed to establish a new generation of arts leaders and break down the barriers that independent D/deaf, disabled, and neurodivergent artists face by building connections with local and national drama schools and local arts providers. The programme did this through accredited training, leadership development, mentoring and provision of artistic space.

Graeae Theatre Company reported visible development and growth of D/deaf and

disabled artists and leaders as well as significantly increasing the network of disabled artists, noting that the different strands of activity worked together to accelerate change in the industry.

The keystone of the programme was **BEYOND**, a relationship-building and professional development activity designed to transform the careers of D/deaf and disabled artists by helping to create new connections to artistic development opportunities, advice, training, mentoring and creative spaces.

BEYOND had a national network of theatres: Cast Doncaster, Leicester Curve, Hull Truck, Live Newcastle, Northern Stage, Nottingham Playhouse, Bolton Octagon, and Shakespeare North. The programme supported 48 artists over two years – six times the target reach – and led to significant visible leadership and artistic growth among the artist cohort.

Graeae plans to extend BEYOND nationally over the next three years as a National Portfolio Organisation.





## CULTURE, MEDIA AND SPORT KEY PERFORMANCE INDICATORS

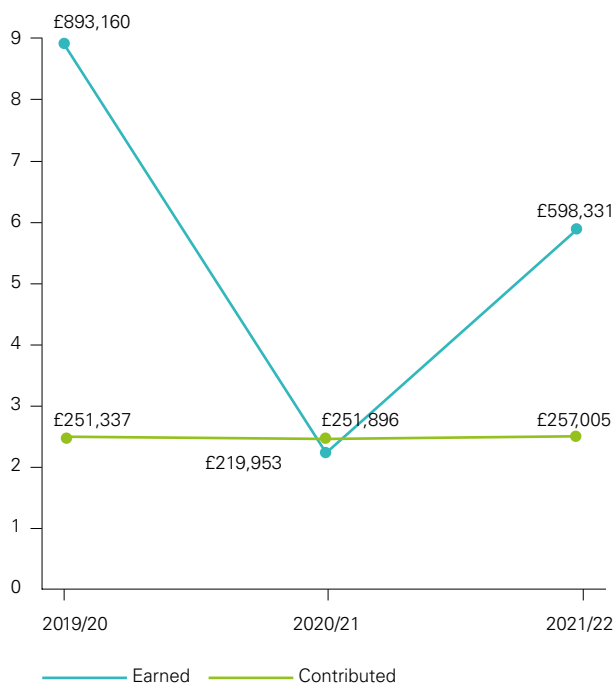
The Secretary of State for Culture, Media and Sport (DCMS) sets priorities and key performance indicators (KPIs) for Arts Council England. These performance indicators may be reviewed over the duration of the Arts Council’s management agreement with DCMS. The data for the first four Key Performance Indicators (KPIs 1-4) reflect 2021/22 due to the schedule in which we collect data from our National Portfolio Organisations.

It is important to note that the data for the KPIs below applied to the 2018-23 National Portfolio Organisations (NPO). We will report on the new 2023-26 organisations in future Annual Report & Accounts.

### KPI 1: Contributed and earned income in National Portfolio Organisations

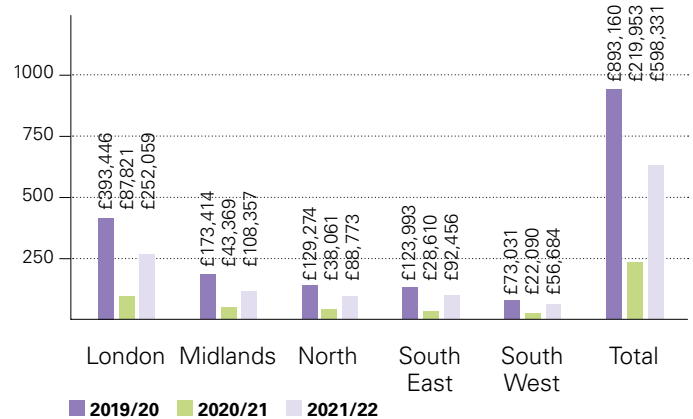
#### TOTAL EARNED AND CONTRIBUTED

All England (£000s):



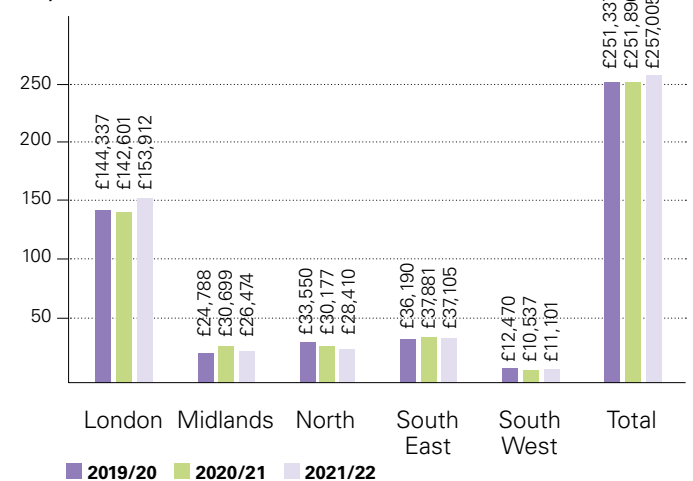
#### EARNED BY AREA

By Arts Council Area (£000s):



#### CONTRIBUTED BY AREA

By Arts Council Area (£000s):



The effects that Covid-19 had on National Portfolio Organisations continued in 2021/22. Organisations’ fundraising activities often rely on bringing people together to share an experience, which stopped entirely at the start of the pandemic and reduced significantly in the year following.

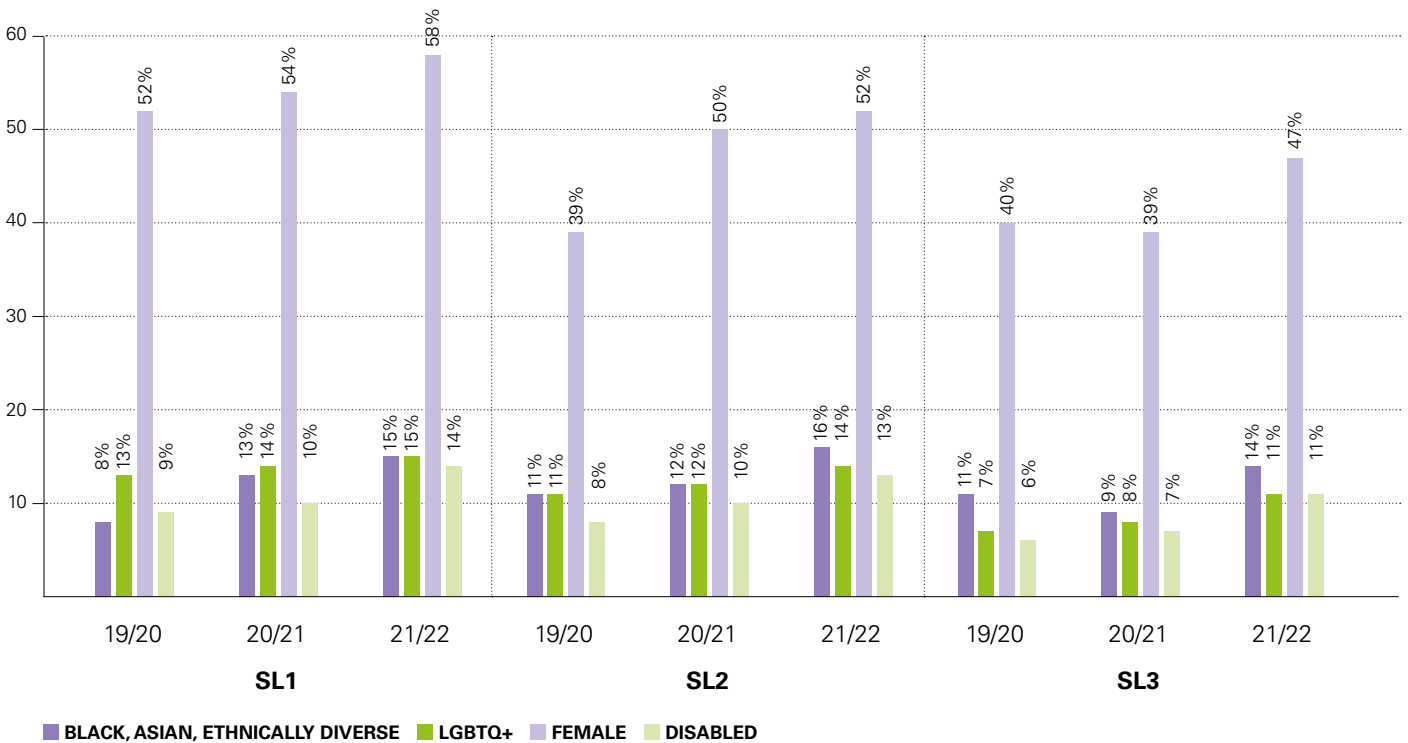
Contributed income – for example money given to an organisation as a gift or grant – was relatively stable. Cultural organisations faced lots of challenges to their business models and ways of earning income; however they have managed to fundraise through good stewardship as well as making the most of existing supporter networks, experimenting with digital fundraising tools, exploring new corporate partnerships, and campaigning for emergency funding.

Earned income has seen some recovery from its low base in 2020/21 when the nation was in lockdown, and it had decreased by 75 per cent from the year before. With lockdowns lifting, 2021/22 saw a 172 per cent increase on 2020/21 figures. While this is clearly a strong recovery, especially in London and the South East, this is still 33 per cent down from pre-pandemic figures. This is largely due

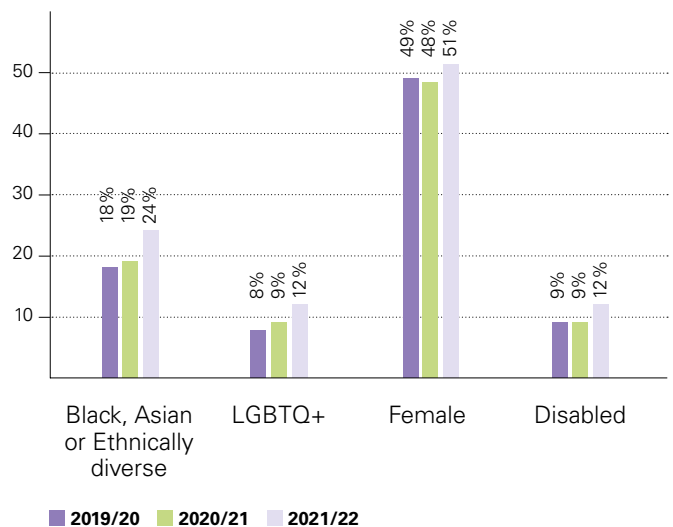
to lockdown closures in the first quarters of the 2021/22 period.

**KPI 2: Percentages for each protected characteristic (Black/Asian/Ethnically Diverse, LGBTQ+, Female, Disabled, Age) and a breakdown by socio-economic background**

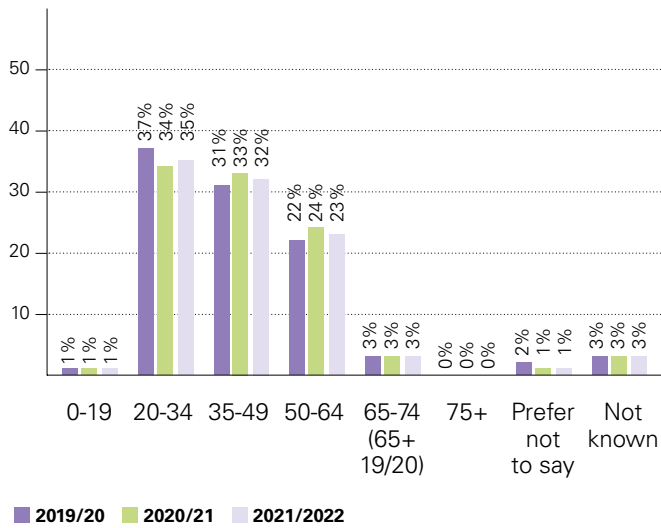
**NPO SENIOR LEADERSHIP POSITIONS**



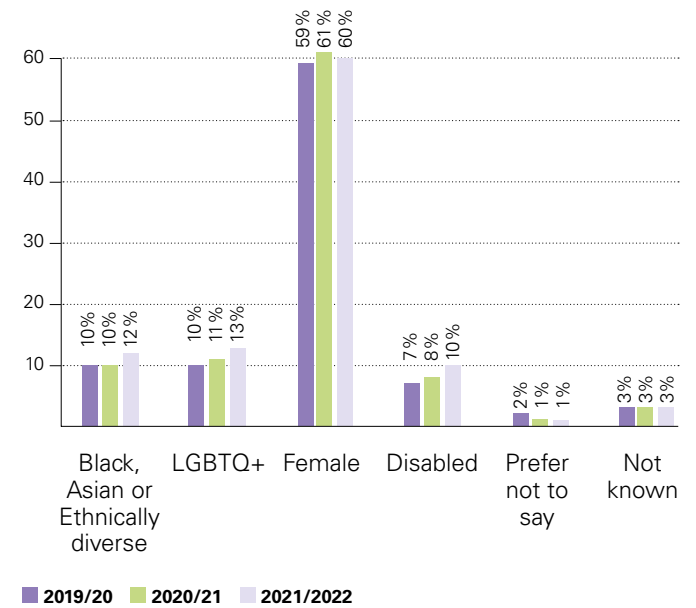
**NPO BOARD**



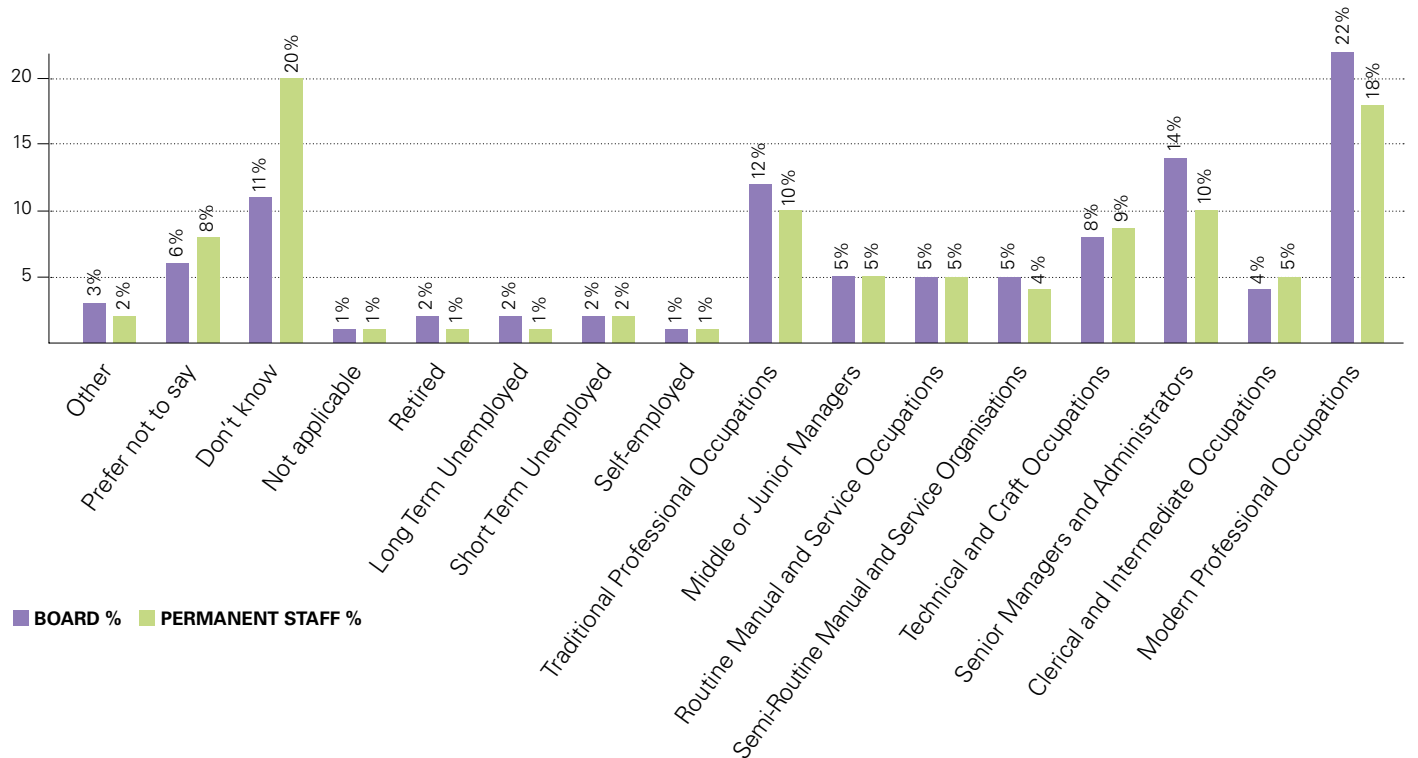
### NPO PERMANENT WORKFORCE AGE SPREAD



### NPO PERMANENT WORKFORCE



### NPO SOCIO-ECONOMIC



We ask all National Portfolio funded organisations to provide diversity monitoring information on the leadership roles of Chief Executive, Artistic Director and Chair, which we refer to as "Senior Leadership". We regularly see a wide variety of data provided for this question, spanning a range of job titles. The senior leadership data demonstrates a notable improvement in the percentage of

Black, Asian and Ethnically Diverse leadership of arts organisations which has increased to 15 per cent in 2021/22 from 8 per cent in 2018/19 for SL1 – chair or equivalent posts, from 11 per cent in 2018/19 to 16 per cent in 2021/22 for SL2 – chief executive or similar positions, and from 11 per cent in 2018/19 to 14 per cent in 2021/22 for SL3 – artistic director or corresponding roles.



We see a similar trend for disabled leadership of arts organisations, which has increased from 9 per cent to 14 per cent for SL1 – chair or similar positions, 8 per cent to 13 per cent for SL2 - chief executive or comparative roles, and 6 per cent to 11 per cent for SL3 - artistic director or nearest equivalent posts.

The positive change reflects the wider work which has taken place to develop career pathways, the Arts Council's investment in leadership programmes as well as organisations being encouraged to consider how they will diversify their workforce and leadership.

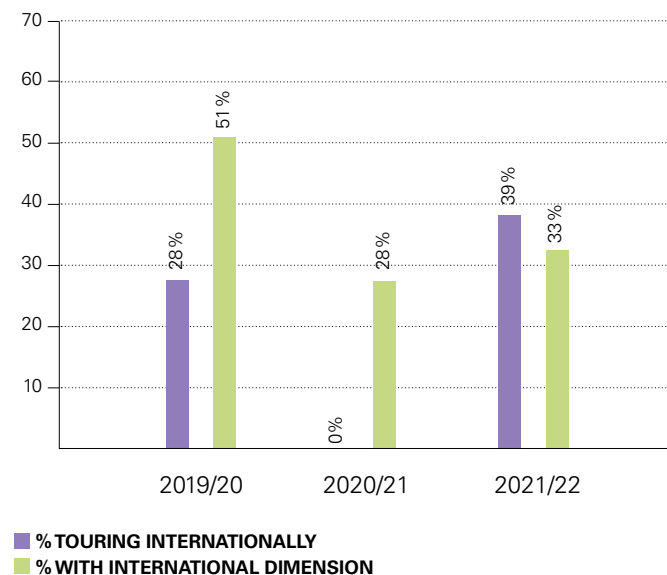
National Portfolio Organisation Boards continue to make progress in becoming more inclusive and representative of contemporary society across England. The data shows improvements across all protected characteristic categories measured against including Disability, Race, Sex and Sexual Orientation. However, there is still significant progress needed to make arts organisations, libraries, and museums more reflective of England's society as it is today in terms of their audiences and visitors, workforce and leadership. We are committed to continuing to support the creative and cultural sector as it becomes more inclusive, representative, accessible and relevant to the communities it serves across the whole of the country.

This is our first outturn of National Portfolio Organisation socio-economic data so there is no comparative data available from the portfolio.

Data on Arts Council England's staff can be found in the Staff Report section of the Annual Report and Accounts (page 73).

### KPI 3: Proportion of international engagements undertaken by National Portfolio Organisations

#### NATIONAL PORTFOLIO ORGANISATION INTERNATIONAL TOURING



As the restrictions and impact of Covid-19 have reduced, artists and organisations have been able to resume international touring and collaboration. This can be seen in the increase in National Portfolio Organisations who have toured internationally or have a touring dimension to their work between 2020/21 and 2021/22. Organisations and individuals have adapted to the additional barriers and costs associated with working in Europe since the UK's exit from the European Union.

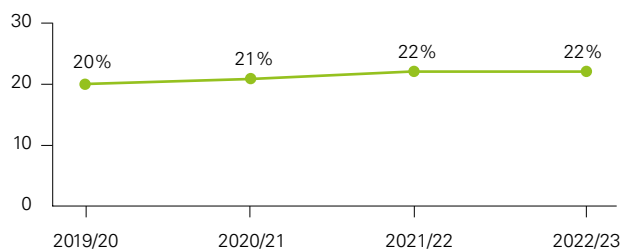
### KPI 4: The total number of children and young people attending events and activities provided by Arts Council England National Portfolio Organisations in areas of low cultural engagement

	20/21			21/22		
	Known	Estimated	Total	Known	Estimated	Total
<b>Performances</b>	20,590	10,019	30,609	580,887	169,655	650,542
<b>Exhibitions</b>	36,462	3,481,975	3,518,437	237,530	186,774	424,304
<b>Screenings</b>	8,822	20	8,842	25,222	1,752	26,974
<b>Festivals</b>	1,401	6,371	7,772	12,306	21,318	33,624
<b>Total</b>	67,275	3,498,385	<b>3,565,660</b>	855,945	279,499	<b>1,135,444</b>

There is a marked increase seen in the known attendance of children and young people at performances, exhibitions, screenings and festivals from 2020/21 to 2021/22, which is a likely result of the lifting of restrictions that had been in place as a result of the Covid-19 pandemic. The large estimated audience for exhibitions in 2020/21 corresponds to an increased number of online exhibitions and virtual experiences for children and young people during that period. While these experiences could reach new audiences with a far wider viewership than a live event, it was challenging to count the exact audience figures for them. Audience figures are therefore estimated, instead of known. With the return of more in-person events and exhibitions in 2021/22, we can see a large increase in known audiences, corresponding with a decrease in attendance for virtual events.

**KPI 5: Percent of overall Arts Council funding spent in areas of low cultural engagement as defined by the Active Lives Survey.**

**PROPORTION OF OVERALL INVESTMENT IN AREAS OF LOW ENGAGEMENT**



Over half of the Arts Council's investment is distributed through the National Portfolio which means that over 50% of our investment does not change year on year, but only when we run a National Portfolio investment process. This can mean that shifts in the proportion of investment in smaller funds whilst meaningful on the ground get lost when agglomerated with National Portfolio Organisation investment. We will however see a more significant shift towards investing in areas of low engagement in 2023/24 when our newly identified portfolio comes into effect.

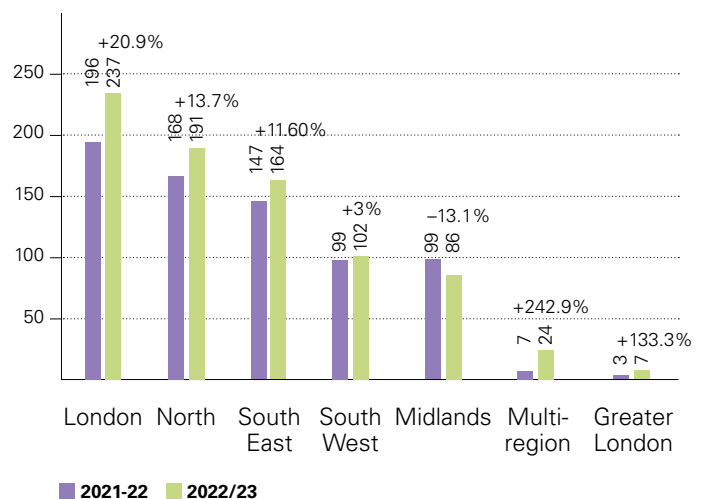
- Funding for multi year programmes (National Portfolio Organisations, Creative

People and Places etc) has been split across years based on Grantium payment schedules, all other funds are reported based on the decision year.

- 2020/21 included one-off funds such as the Emergency Response Fund and Culture Recovery Fund.
- The areas of low engagement are Local Authorities taken from the last Active Lives Survey in 2018.

**KPI 6: The number of organisations and individuals engaging with the Digital Culture network (breakdown by five Arts Council Areas)**

**2022/23 DIGITAL CULTURE NETWORK ENGAGEMENT BY REGION WITH YEAR-ON-YEAR**



As is evident by the full year results and 2022/23, the demand for support from the Digital Culture Network (DCN) continues with a total of 811 engagements in 2022/23 compared to 719 in 2021/22 (a 12.8 per cent increase). It is clear that working at full capacity, the Digital Culture Network can provide vital support for organisations where digital skills and the pace of the digital environment continue to provide challenges to organisations in the sector.

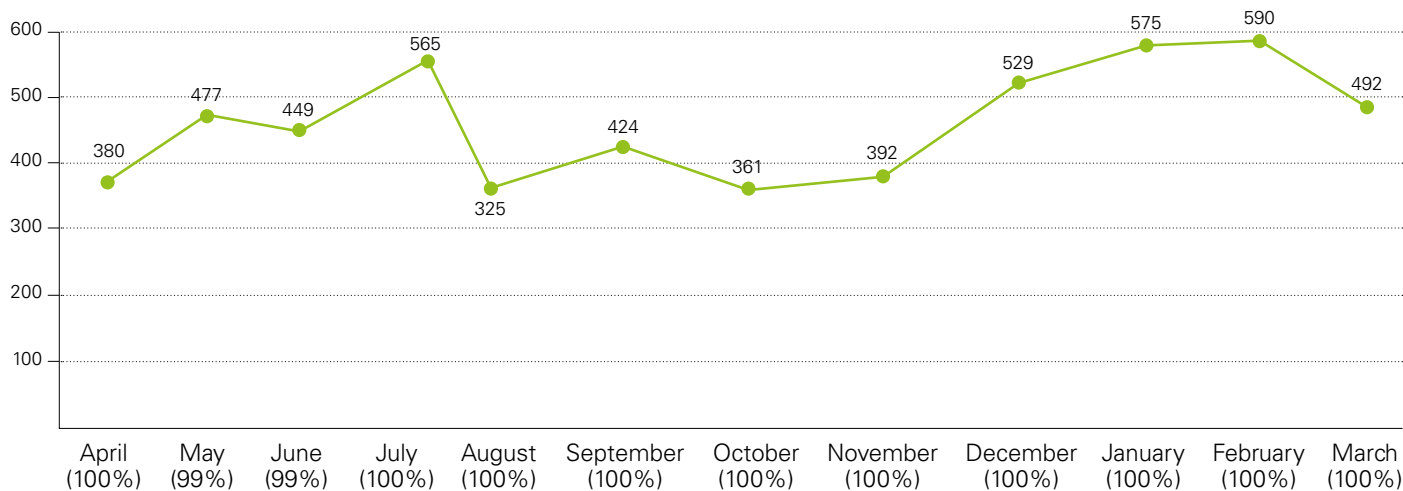
We have delivered 16 events including webinars and workshops, attended by 1,064 people, in addition to our core casework and the Digital Culture Awards which were

attended in-person and online this year. We continue to publish companion pieces and learning resources to our Knowledge Hub.

## KPI 7: The Arts Council's delivery of Cultural Property functions

**A: Issue export licences within five working days of the Arts Council receiving the application (unless information is missing from the application, the application needs to be referred to an Expert Adviser, or further enquiries need to be made in respect of the object's provenance)**

### 2022/23 APPLICATIONS



**B: Report to the Department for Culture, Media and Sport on the applications considered at each Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest (RCEWA) meeting within two weeks of the meeting.**

Over 2022/23 the Committee considered 19 applications with an average of 78% applications considered within two weeks. Late applications were due to the complexity of the cases, and were reported to DCMS explaining the issues that arose.

**C: KPI: Submit Government Indemnity Scheme claims with recommendation to the Department for Culture, Media and Sport within two weeks of receipt of all paperwork.**

Over 2022/23 one claim was assessed which was received on 23 March; GIS assessed and submitted a report to DCMS with a recommendation to pay out on 17 April.

In addition to the KPI above, through the Government Indemnity Scheme in 2022/23:

- 731 indemnities were issued
- 29,203 individual works of art and cultural items were loaned
- With a total indemnity value of £21.9 billion

Without the Government Indemnity Scheme many ambitious exhibitions and loans would be financially unviable.







# 04.

## Sustainability report









## The sustainability report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts.

### OVERALL PERFORMANCE

In 2022/23, CO<sub>2</sub> related emissions from gas were broadly the same as pre-pandemic levels. This counter intuitive figure is due to the lower level of heat provided from passive sources (people, lighting, IT equipment) – a boiler plant is designed to heat buildings at a pre-determined minimum temperature so will compensate when other passive heat sources are not present. CO<sub>2</sub> from electricity was down by about 50 per cent from pre-pandemic levels, as was travel, but these two categories are showing an upward trend in line with the gradual return to pre-pandemic levels of activity. During the year we moved our London office into a smaller non air-conditioned space thereby reducing our impact on CO<sub>2</sub>.

Our waste figures are significantly lower than pre-pandemic levels. This is due to a reduction in the use of paper as a result of an increased use of digital technology.

Our water consumption is lower than pre-pandemic levels. This is expected to reduce further once the full effect of our London office move is taken into account.

Our main focus has been to reduce the size of our estate in line with the principles set out in the Government Estate Strategy (smaller, better and greener). Our office efficiency ratio is now 6.08m<sup>2</sup>/FTE and, as a result of the London office move, we've reduced the size of the office estate by 600m<sup>2</sup> (14 per cent). We're also engaged with the GPA NetZero Programme on capital investment to reduce CO<sub>2</sub> at our Birmingham office.

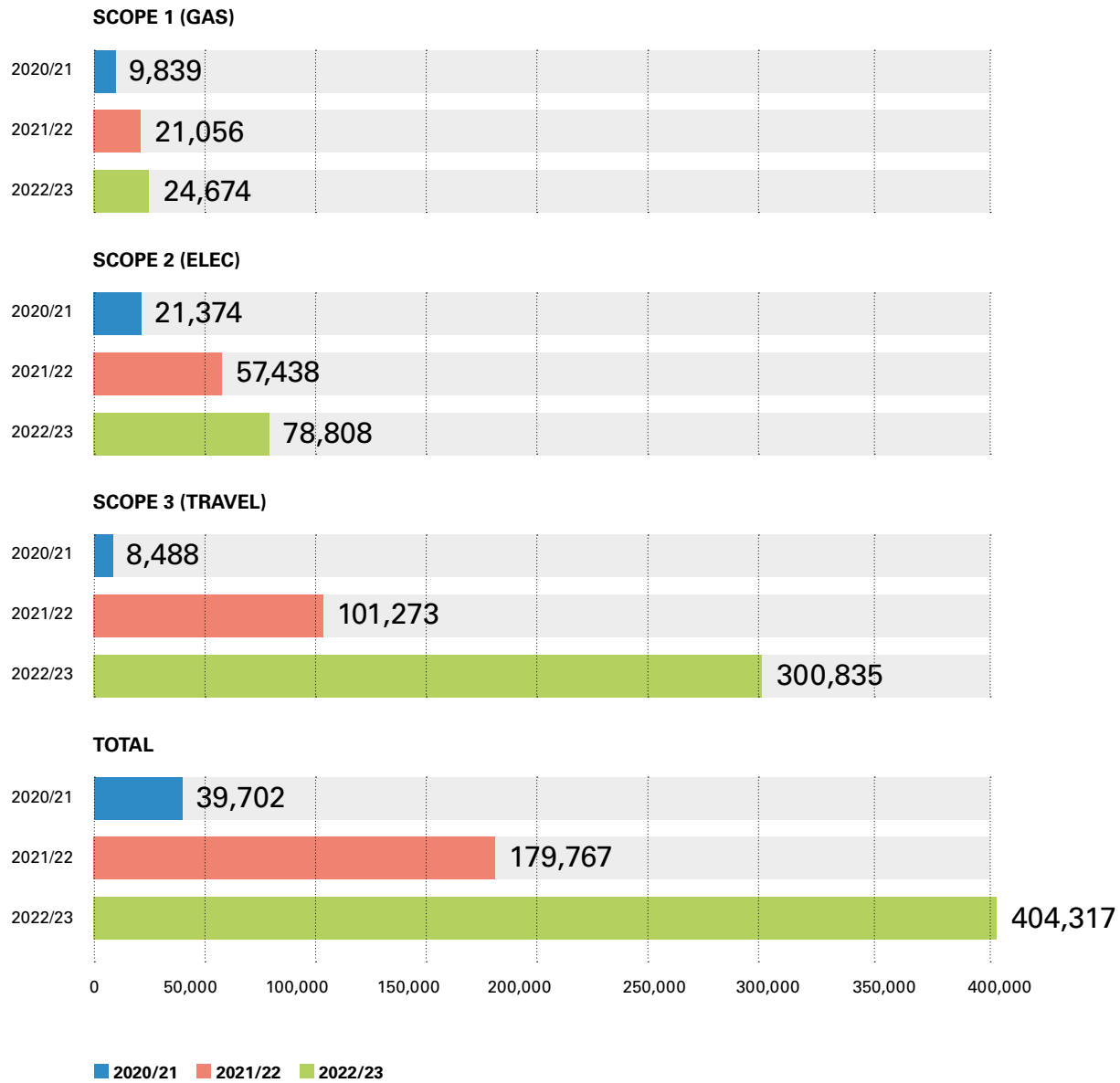
TRAVEL		2020/21	2021/22	2022/23
CO <sub>2</sub> (tonnes)	Rail	1	12	<b>38</b>
	Air	0	4	<b>11</b>
	Car	2	19	<b>27</b>
	<b>Total</b>	<b>3</b>	<b>34</b>	<b>77</b>
Cost (£)	Rail	5,618	67,203	<b>245,517</b>
	Air	0	6,100	<b>9,096</b>
	Petrol	2,871	27,970	<b>46,222</b>
	<b>Total</b>	<b>8,488</b>	<b>101,273</b>	<b>300,835</b>
Miles	Rail	8,349	195,654	<b>670,984</b>
	Air	0	25,008	<b>72,018</b>
	Car	7,177	69,925	<b>115,556</b>
	<b>Total</b>	<b>15,527</b>	<b>290,587</b>	<b>858,557</b>

WASTE		2020/21	2021/22	2022/23
Non-financial indicators (tonnes)	<b>Total</b>	17.69	164.38	<b>29.98</b>
	Landfill	0.24	0.24	<b>0.24</b>
	Reused/ recycled	17.45	164.14	<b>29.73</b>
Financial indicators (£)	<b>Total</b>	7,742	12,506	<b>7,615</b>
	Landfill	537	1,957	<b>2,024</b>
	Reused/ recycled	7,206	10,549	<b>5,591</b>

GREENHOUSE GAS EMISSIONS		2020/21	2021/22	2022/23
CO <sub>2</sub> (tonnes)	Total Gross Emissions (CO <sub>2</sub> )	68	104	<b>109</b>
	Gross Emissions Scope 1 (direct)	33	52	<b>51</b>
	Gross Emissions Scope 2 (indirect)	35	52	<b>58</b>
Energy Consumption (kWh)	Electricity	123,722	245,190	<b>270,960</b>
	Gas	178,961	284,332	<b>280,233</b>
Financial Indicators (£)	Expenditure Energy	31,214	78,494	<b>103,482</b>

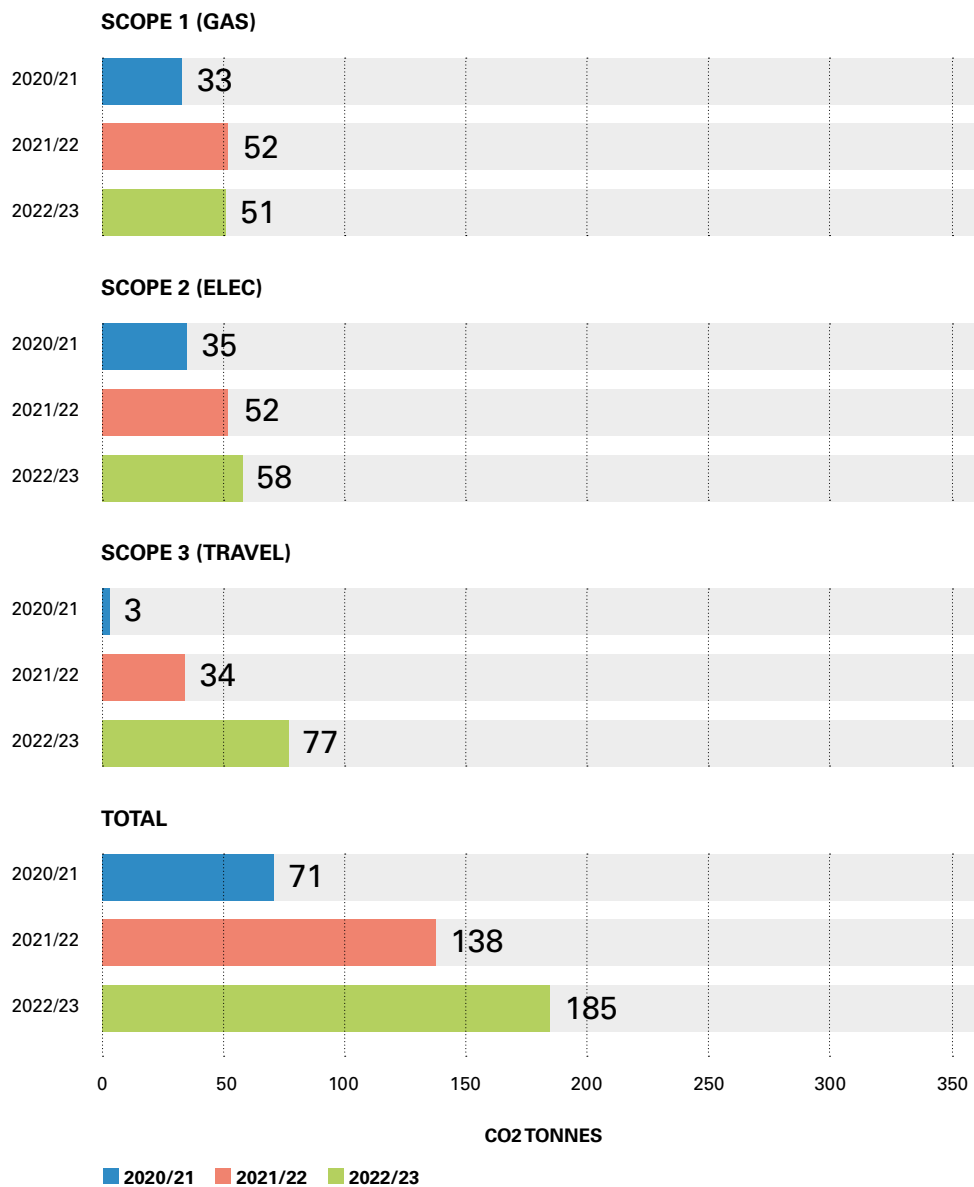
FINITE RESOURCE CONSUMPTION		2020/21	2021/22	2022/23
Non-financial (m <sup>3</sup> )	Supplied	1,453.41	3,004.83	<b>3,013.54</b>
	Per Full Time Equivalent (FTE)	2.57	5.31	<b>5.01</b>
Financial Indicators (£)	Water Supply Costs (Office Water)	5,685	10,490	<b>7,440</b>

## FINANCIAL EXPENDITURE (£)

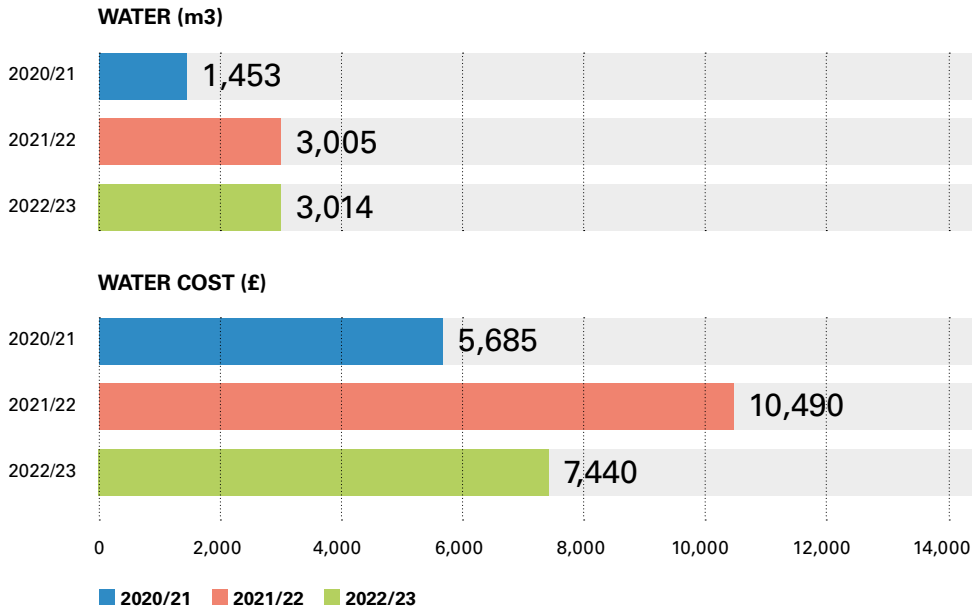




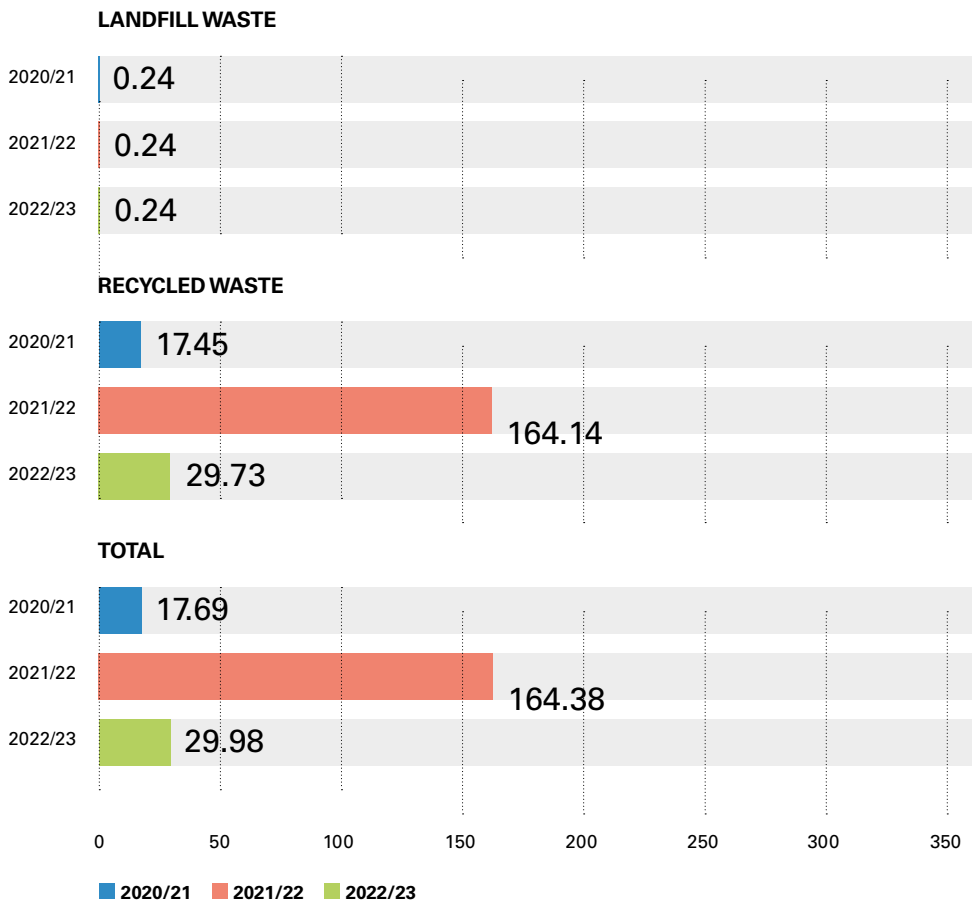
## CO2 WHOLE ESTATE (TONNES)



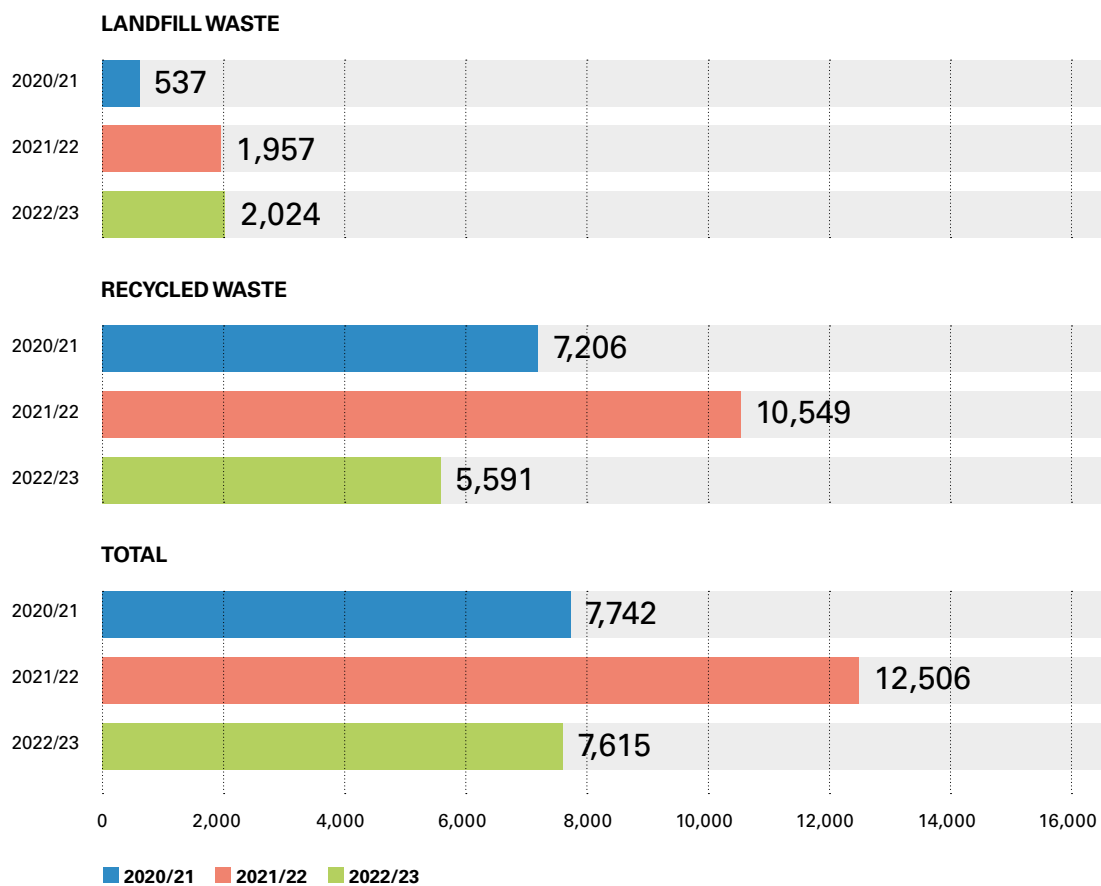
## WATER USAGE (m3) AND EXPENDITURE (£)



## WASTE – NON FINANCIAL (TONNES)



## WASTE – FINANCIAL INDICATORS (£)





We published our initial Environmental Action Plan for the Arts Council in September last year and are now working through the relevant actions across our six Priority Areas of People, Place, Travel, Technology, Procurement, and Pension. Our environmental policy includes commitments that by 2023/24 we will have reduced our office energy use and business travel carbon emissions by 25 per cent compared with 2019/20 and we have actions in the plan relating to these targets. We have committed to refreshing the plan on an annual basis and an updated version will be published this autumn. Alongside this we will publish our carbon footprint for 2022/23.

The 2022/23 annual environmental report on the 2018-23 portfolio is also due to be published in autumn this year. The previous annual report is available [here](#).

As part of our new environmental programme, Julie's Bicycle are supporting Arts Council England through the development of climate literacy e-learning. This will be rolled out to all staff this year. The 2023-26 environmental programme, in partnership with Julie's Bicycle, was launched in April. This will support organisations and practitioners to take action, with strands focusing on decarbonisation, resilience, justice and governance, to accelerate and scale our collective response to the climate and ecological crises. The first strand of the new programme, Transforming Energy, will build on the successful Spotlight programme and has a decarbonisation focus. Registration for the programme will open in the summer.

In addition, Julie's Bicycle continue to offer free carbon calculation tools through the Creative Climate Tools platform (previously the Creative Green Tools). The tools have been refreshed and a series of further updates will be implemented through to September. The Creative Climate Tools platform supports the sector in understanding their environmental impacts and where changes can be made.

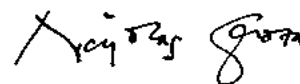
Most of the data used in the preparation of this report is based on the information provided by our suppliers. However, at the time of writing (April 2023), data for some of the locations was not available. In line with HM Treasury guidance, estimates have been made based on the previous quarter's actuals. All conversion factors used to produce CO2 outputs for travel have been taken from those produced by DEFRA.

We will continue to monitor and report progress on KPIs that have a direct impact on carbon emissions and our efficiency targets (eg office space utilisation).



**Dr Darren Henley CBE**  
Chief Executive

21 JUNE 2023



**Sir Nicholas Serota CH**  
Chair

21 JUNE 2023





# 05.

## Trustees' report and management commentary







## GOVERNANCE STATEMENT

Arts Council England was established by Royal Charter on 13 March 1994, taking over those responsibilities in England previously discharged by the Arts Council of Great Britain. The Arts Council of England, trading as Arts Council England, is a registered charity, charity registration number 1036733.

This is a single trustees' report and management commentary which covers the requirements for both the Grant-in-Aid accounts and the Lottery distribution accounts during the period 1 April 2022 to 31 March 2023.

## ROLE, MISSION, OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The current objects of Arts Council England as stated in its Royal Charter are to:

- develop and improve the knowledge, understanding and practice of the arts
- increase accessibility of the arts to the public in England
- advance the education of the public and further any other charitable purpose which relates to the establishment, maintenance and operation of museums and libraries (which are either public or from which the public may benefit) and to the protection of cultural property
- advise and co-operate, where it is appropriate to do so, with Departments of our Government, our Scottish administration, the Northern Ireland Executive and the Welsh ministers, local authorities, the arts councils and equivalent organisations in the museums and libraries sector for Scotland, Wales, and Northern Ireland (or their successors) and other bodies on any matter related to the objects

The Royal Charter is at the core of our mission as reflected in our strategic framework, *Let's Create*.

Information about our strategic framework, our outcomes and activities to achieve these, as well as our funding programmes can be found on pages 12 to 34.

## ARTS COUNCIL ENGLAND'S GOVERNANCE FRAMEWORK

Arts Council England is an arm's-length non-departmental public body. It is also a registered charity. Accountability to Ministers is managed through the usual control mechanisms for arm's-length bodies.

Arts Council England is regulated in accordance with a Framework Agreement agreed with the Secretary of State for Culture, Media and Sport. As a registered charity and a chartered body, Arts Council England is also subject to a range of obligations and accountabilities set out in regulations and law. We prepare our accounts for Grant-in-Aid and Lottery distribution separately to comply with accounts directions issued by the Secretary of State and Charity Commission regulations.

Arts Council England is fully compliant with relevant principles around governance best practice for public service and charitable bodies as set out in the *Corporate governance in central government departments: Code of good practice 2017*.



## NATIONAL COUNCIL

Meet National Council, our non-executive board who hold overall responsibility for the governance of the Arts Council.



**Abigail Pogson**  
National Council Member



**Kate Willard OBE**  
North Area Chair



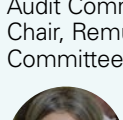
**Andrew Miller, MBE**  
National Council Member



**Paul Roberts OBE**  
Chair, Performance and Audit Committee and Chair, Remuneration Committee



**Bill Bush**  
National Council Member



**Professor Roni Brown**  
South East Area Chair



**David Bryan, CBE**  
London Area Chair



**Sukhy Johal, MBE**  
Midlands Area Chair



**Deborah Shaw**  
National Council Member



**Sir Nicholas Serota, CH**  
Chair  
Arts Council England



**Elisabeth Murdoch, CBE**  
National Council Member



**Baroness Fleet,  
Veronica Wadley CBE**  
National Council Member



**Helen Birchenough**  
South West Area Chair



**YolanDa Brown, OBE DL**  
National Council Member



**Jamie Njoku-Goodwin**  
National Council Member

## SENIOR LEADERSHIP TEAM

Meet our Senior Leadership Team, comprising of senior directors, and our Executive Board members.



**Abid Hussain**  
Director, Diversity



**Irene Constantinides**  
National Director of Communication



**Richard Russell**  
Chief Operating Officer



**Catherine Nesus**  
Director, Development Agency Change Programme



**Laura Dyer**  
Deputy Chief Executive Places, Engagement & Libraries



**Ruth Alaile**  
Director, Governance and Planning



**Dr Darren Henley, CBE**  
Chief Executive



**Michelle Dickson**  
Director, Strategy



**Sanj Jagait**  
Chief Data Officer



**Emmie Kell**  
Director of Museums and Cultural Property



**Mags Patten**  
Executive Director Public Policy and Communication



**Sarah Maxfield**  
Area Director, North



**Francis Runacres, MBE**  
Executive Director, Enterprise & Innovation



**Navees Rahman**  
Chief Finance and Resources Officer



**Simon Mellor, OBE**  
Deputy Chief Executive, Arts and Museums



**Hazel Edwards**  
Area Director, South East



**Peter Knott**  
Area Director, Midlands



**Tonya Nelson**  
Area Director, London



**Ian Matthews**  
Director, Human Resources and Estates



**Phil Gibby**  
Area Director, South West





# Arts Council England's Non-Executive Governance Structure

Arts Council England's governance framework consists of a National Council, five Area Councils, an Executive Board, and a number of committees and panels that National Council has delegated responsibilities to Area Councils, panels and committees as shown below:

## National Council

(15 members including the Chair)

### ROLE

- Govern and hold overall authority for Arts Council England
- Retain overall responsibility for the work and conduct of the organisation
- Make decisions on Arts Council England's mission, objectives, priorities and strategies

- Make decisions on grants above a certain threshold
- Monitor delivery of ten-year strategic framework
- Approve corporate plan
- Approve Grant-in-Aid and Lottery accounts

## Five Area Councils

(Chairs sit on National Council, 14 other members, including local authority reps, artists, and arts and culture practitioners)

### ROLE

- Advise on policy and strategy
- Make decisions and recommendations on National Portfolio applications

## Museums Accreditation Committee

(16-20 members)

### ROLE

- Make decisions on Accreditation status and applications from museums and galleries in the UK
- Provide quality assurance
- Advocate for the Scheme

## Performance and Audit Committee

(Chair sits on National Council, four National Council members and four independent members)

### ROLE

- Assess and advise on the organisation's financial risk, performance management, governance and value for money
- Performs the responsibilities of an Audit and Risk Assurance Committee

## Designation Scheme Panel

(10 members)

### ROLE

- Make decisions on Designation applications from museums, libraries and archives
- Provide quality assurance
- Advocate for the Scheme



## Remuneration Committee

(Chair sits on National Council, four other National Council members)

### ROLE

- Make decisions on senior executive salaries, bonuses and other terms and conditions

## Acceptance in Lieu Panel

(6-24 members)

### ROLE

- Advise on items offered to the Nation in lieu of Inheritance Tax or through the Cultural Gifts Scheme, on Conditional Exemption and on Immunity from Seizure

## Arts Council Collection Acquisition Committee

(8 members)

### ROLE

- Advise on new additions to the Arts Council Collection with reference to the Acquisitions and Disposal and Collections Development policy



## Race Advisory Group (RAG)

(Chairs sit on National Council Area Council, Membership open to all National and Area Council members of Black, Asian or Ethnically diverse heritage, two reps from each Area. Time limited group)

### ROLE

- To advise Executive Board and National Council as it seeks to implement new strategy
- To highlight emerging issues and challenges for individuals of Black, Asian and Ethnically diverse heritage in the arts and culture sector and work with Executive Board and National Council to address them
- To review and monitor the impact of ACE's policies, decisions and other actions

## Disability Advisory Group (DAG)

(Chair sits on National Council, deputy chair, Membership open to all National Council and Area Council members with lived experience of disability, deafness and/or neuro-divergence. Time limited group)

### ROLE

- To advise Executive Board and National Council as it seeks to implement new strategy
- To highlight emerging issues and challenges for D/deaf, neuro-divergent and disabled people in the arts and culture sector including conscious and unconscious ableism, and work with the Executive Board and National Council to address these
- To review and monitor the impact of the Arts Council's policies, decisions and other actions on D/deaf, neuro-divergent and disabled people

# Non-Executive Governance

## NATIONAL COUNCIL

### MEMBERSHIP OF NATIONAL COUNCIL

Members of National Council are appointed by the Secretary of State for Culture, Media and Sport who seeks to ensure that National Council has an appropriate range of knowledge, skills and experience.

The composition of National Council in 2022/23 was as follows:

### Sir Nicholas Serota CH

(CHAIR)

### Professor Roni Brown

(SOUTH EAST AREA COUNCIL CHAIR)

### Kate Willard OBE

(NORTH AREA COUNCIL CHAIR)

### Helen Birchenough

(SOUTH WEST AREA COUNCIL CHAIR)

### Sukhy Johal MBE

(MIDLANDS AREA COUNCIL CHAIR)

### David Bryan CBE

(LONDON AREA COUNCIL CHAIR)  
(FROM 1 JANUARY 2023)

### Ruth Mackenzie CBE

(LONDON AREA COUNCIL CHAIR)  
(UNTIL 31 DECEMBER 2022)

### YolanDa Brown OBE

(FROM 15 MAY 2022)

### Bill Bush

(FROM 15 MAY 2022)

### Catherine Mallyon CBE

(UNTIL 25 APRIL 2022)

### Andrew Miller MBE

### Elisabeth Murdoch CBE

### Jamie Njoku-Goodwin

(FROM 15 MAY 2022)

### Abigail Pogson

(FROM 15 MAY 2022)

### Paul Roberts OBE

### Deborah Shaw

(FROM 15 MAY 2022)

### Baroness Fleet CBE (Veronica Wadley)

(FROM 15 MAY 2022)

## HIGHLIGHTS OF NATIONAL COUNCIL MEETINGS IN 2022/23

During 2022/23, National Council and its committees considered key strategic issues and routine business planning; the topics considered included:

- the “Let’s Create” Delivery Plan
- Music Education Hubs
- Quarterly Investment Risk Reporting
- Development Approach to Capital
- National Portfolio programme budgets for 2022/23 to 2025/26
- National Portfolio application decisions
- Children and Young People and “Let’s Create”
- Museums and Cultural Property Update
- Capital Grant in Aid awards
- Area Council Appointments
- Strategic Risk Update
- Acceptance in Lieu update

Further details about National Council’s work during the year are available in the minutes from its meetings published on the Arts Council’s website.



## SUMMARY OF NATIONAL COUNCIL'S REVIEW OF ITS EFFECTIVENESS

On 10th May, National Council held a review of their effectiveness, which was externally facilitated with peer review support. The review session was informed by a self-assessment created by the Governance Team and a survey seeking the views of National Council and Executive Board members.

National Council felt they had a good working relationship with Executive Board and praised Nick Serota's performance as Chair, noting that he encourages an open and candid committee and has a strong relationship with the Chief Executive and Executive Board. They also expressed admiration for the leadership he had shown throughout the last year.

The following points were also raised for consideration:

- How the contributions and relationships between the National and Area Councils could evolve after the last four years, which have been dominated by developing the new strategy, the outcomes from the pandemic and handling the National Portfolio process.
- The ways in which the Race Advisory Group and Disability Advisory Group could continue to develop and feed into National Council.
- Finding more time outside of formal meetings to ensure National Council remains a cohesive team.
- Whether more use can be made of Key Performance Indicators around outcomes and change to provide National Council with a deeper understanding of Arts Council England's work.
- Exploring whether more agenda space can be found by handling routine matters and updates through other available channels.

The next steps will be a validation of the self-assessment and benchmarking by peers. Following that, a series of recommendations will be developed with National Council.

## NATIONAL COUNCIL ATTENDANCES

National Council normally meets six times a year; however in 2022/23, there were additional meetings.



NATIONAL COUNCIL ATTENDANCES	NATIONAL COUNCIL	PERFORMANCE AND AUDIT COMMITTEE*	REMUNERATION COMMITTEE
Sir Nicholas Serota CH	10/10	–	1/1
Helen Birchenough	9/10	–	–
Professor Roni Brown	7/10	–	–
YolanDa Brown OBE	9/10	–	–
David Bryan CBE	2/3	–	–
Bill Bush	10/10	–	–
Sukhy Johal MBE	10/10	–	–
Ruth Mackenzie CBE	6/7	–	–
Andrew Miller MBE	10/10	–	–
Elisabeth Murdoch CBE	9/10	–	1/1
Jamie Njoku-Goodwin	8/10	3/4	–
Abigail Pogson	10/10	3/4	–
Paul Roberts OBE	10/10	4/4	1/1
Deborah Shaw	10/10	–	–
Kate Willard OBE	6/10	1/4	1/1
INDEPENDENT MEMBERS OF PERFORMANCE AND AUDIT COMMITTEE			
Penny Ciniewicz CB	–	3/4	–
Guillaume Fleuti	–	4/4	–
Clive Parritt	–	4/4	–
Tracy Staines	–	3/4	–

WHERE LESS THAN NINE MEETINGS IS REFLECTED IN A MEMBER'S REGISTER ABOVE, IT REFERS EITHER TO THE NUMBER OF MEETINGS THEY HAD LEFT BEFORE COMPLETING THEIR FINAL TERM AND LEAVING COUNCIL, OR THE NUMBER OF MEETINGS SINCE THEY STARTED.

\* Performance and Audit Committee attendance is inclusive of four meetings from 9 June 2022 to 16 March 2023.

## COMMITTEES AND SUB-COMMITTEES

### Area Councils

There are five Area Councils covering the breadth of England and reflecting Arts Council England's operational structure, appointed to assist National Council in developing, championing and investing in the arts and culture.

They support and promote the organisation's mission and objectives by providing advice on draft policies, making funding decisions and acting as advocates for the arts and culture, creating a live connection at an area level.

Each Area Council consists of 15 members including the Chair who is also a member of National Council. Area Councils meet five times a year.

### Performance and Audit Committee

National Council has appointed a Performance and Audit Committee to review and report on the systems of risk and internal control, governance and performance management.

The Performance and Audit Committee is chaired by Paul Roberts, a member of National Council. All National Council members receive papers and minutes of Performance and Audit Committee meetings. The Chair of the Performance and Audit Committee provides a report to National Council following each meeting, and as he deems necessary. The Performance and Audit Committee also provides a full report to National Council on its performance once a year. The Performance and Audit Committee is comprised of four National Council members and four independent members.

Key areas scrutinised by the Performance and Audit Committee during 2022/23 included findings from internal audit reviews, the external audit of the annual report and accounts, key budgets, compliance with Government Functional Standards, mid-year impact and performance, and the Arts Council's risk management processes. The Performance and Audit Committee also considered the

strength of our fraud detection and our health and safety compliance and performance.

The Performance and Audit Committee undertook an annual self-evaluation of its effectiveness in March 2023. Members noted that overall the outcomes of the review that took place in March 2022 have been addressed sufficiently. Priorities for the upcoming year 2023/24 will include: reflecting on the lessons learned from the 2023-26 Investment Programme; reviewing progress in delivering actions intended to make the Arts Council a more inclusive place to work; scrutiny of the actions identified in the refreshed Delivery Plan under 'How the Arts Council will change'; oversight of the arrangements being put in place to support the Culture Recovery Fund loans programme; developing the committee's focus on performance, through deep dives on the use of data and information in the organisation; and agenda management to enable the Committee to hold extended discussions on key items.

### Remuneration Committee

National Council has appointed a Remuneration Committee to deal with the matters set out in the remuneration report. The Remuneration Committee normally meets annually. Further details on this committee can be found in the Remuneration Report.

### Race Advisory Group

This time limited advisory group was set up to advise Arts Council England as it seeks to deliver *Let's Create*, as well as to challenge and eliminate racism and support the sector to recover and restructure in the wake of Covid-19. Among other areas, it has advised on the priorities for the *Let's Create* Delivery Plan, the Inclusivity and Relevance Investment Principle, our equality objectives and equality action plans, and our approach to inclusivity as an employer and an organisation.



## Disability Advisory Group

The Disability Advisory Group consists of D/ deaf, neuro-diverse and disabled members of Area and National Councils and was set up on a time-limited basis to examine the emerging issues and challenges for those societal groups in the arts and culture sector (including conscious and unconscious ableism) and to monitor the impact of our policies and decisions. As with the Race Advisory Group above, it has also inputted into the *Let's Create* Delivery Plan, the Inclusivity and Relevance Investment Principle, our equality objectives and equality action plans and our approach to inclusivity as an employer and organisation.

## Executive management

National Council has delegated responsibilities for the implementation of its strategy and operational matters to the Chief Executive and Executive Board. The Chief Executive has been authorised by National Council to undertake the day-to-day administration and management of the business and staff of the organisation and is responsible to National Council for those matters.

As Arts Council England's Accounting Officer, the Chief Executive is responsible for its overall efficiency and effectiveness and has responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the internal auditors, the Deputy Chief Executives, and Executive Directors

within Arts Council England, and comments from the external auditors in their management letter and other reports. The Accounting Officer may, on occasion, be required to give evidence to Parliament's House of Commons Public Accounts Committee.

Executive Board comprises of the Chief Executive, two Deputy Chief Executives, and four other Executive Directors. The Chief Executive is appointed by National Council with the approval of the Secretary of State for Culture, Media and Sport (DCMS).

Executive Board meets formally throughout the year to consider key policy, strategic and operational matters, and provide advice to National Council. It also oversees the financial performance and risk management of Arts Council England as a whole. Appropriate management structures have been created throughout the organisation to assist Executive Board members to oversee their respective departments and areas of responsibility.

Executive Board is supported by a Management Committee, a National Investment Panel, whose membership includes the two Deputy Chief Executives and the five Area Directors, and other panels and decision-making groups.

There are written terms of reference and procedures for National Council and its sub-committees and Executive Board.

## MEMBERSHIP OF EXECUTIVE BOARD IN 2022/23

NAME	JOB TITLE
Dr Darren Henley CBE	Chief Executive
Laura Dyer MBE	Deputy CEO, Places, Engagement & Libraries
Simon Mellor OBE	Deputy Chief Executive, Arts & Museums
Elizabeth Bushell	Executive Director and Chief Financial Officer (until November 2022)
Mags Patten	Executive Director, Communication & Public Policy
Navees Rahman	Chief Finance and Resources Officer (from March 2023)
Richard Russell	Executive Director and Chief Operating Officer
Francis Runacres MBE	Executive Director, Enterprise and Innovation

## RISK MANAGEMENT AND INTERNAL CONTROL

### Risk management

National Council ensures there are effective arrangements for internal control including risk management at Arts Council England. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Arts Council England's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and yet economically.

The Arts Council takes the view that the absolute mitigation of all risk is neither possible nor desirable. We believe that it is important that we support and encourage innovation and can take managed risks in support of our mission.

We identify and manage risk at three levels:

- Strategic: the principal risks, opportunities and uncertainties affecting the achievement of our mission and strategic outcomes
- Operational: risks to the delivery of the themes set out in our Delivery Plan
- Programmes/Projects Risk: risks to the delivery of individual programmes, projects and to particular areas of our work

Our system of risk management and internal control is designed to manage risk to an acceptable level rather than eliminate all risk of failure to achieve requirements and objectives.

The Arts Council's appetite for risk varies according to the nature of the activity. The level of risk that we are willing to take is one of the key factors we consider when making decisions on how best to invest, develop and champion culture.

We seek to minimise exposure to financial, legal, compliance and reputational risk.

The Arts Council has a high appetite for artistic and creative risk. We value creativity, originality and ambition. None of these can be achieved without experimentation and innovation. We want to offer artists and arts and culture organisations the commitment and freedom that allows them to experiment and take risks. In our investment decisions we carefully weigh the opportunities and potential benefits of projects alongside possible risks.

Acceptance of risk is always subject to ensuring that potential benefits and opportunities – and risks – are fully understood before decisions are made, and that sensible measures to mitigate risk are established.

### System for managing risk

The Department for Culture, Media and Sport (DCMS) has designated the Chief Executive of Arts Council England as Accounting Officer, with clear responsibility and accountability for maintaining a sound system of internal control within the organisation. Internal audit provides the Accounting Officer with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Risk management forms part of the organisation's ongoing activity and is addressed as a matter of standard practice in its corporate programme and project plans. It continues to be a key element of how Arts Council England monitors its corporate policies and initiatives and is integrated into business planning across the organisation.

Arts Council England has in place a wide range of policies dealing with control issues for corporate governance, financial management (including counter fraud), project management, health and safety, training and development, information technology, and risk management, all of which are reviewed and updated periodically as part of the organisation's business planning process.

Arts Council England operates a range of controls over the funding programmes it operates to ensure the grant funding provided is used for the purposes intended. These controls are designed to be commensurate with the level of risk associated with each funding programme and the organisation's appetite for risk. The controls include ensuring signed funding agreements are in place, monitoring payment conditions before payments are released, reviewing activity returns and regularly monitoring risks to funded organisations.

The risk management process is facilitated and monitored by the Governance and Planning Department. The management of key risks is subject to independent review and assurance through the internal audit process, which reports to management as well as the Performance and Audit Committee. National Council reviews the strategic risk register annually.

During 2022/23, Arts Council England continued to manage risk at the strategic, operational, and individual project and programme levels. Strategic risks are identified

through periodic workshops with senior staff, through escalation from operational risk registers, or as they arise. They are then agreed by Executive Board and assigned an Executive Board lead and risk owner or 'manager' who manages mitigating actions and controls thereafter.

We reported quarterly to Executive Board and Performance and Audit Committee on progress in implementing relevant controls and mitigating actions on strategic risks. Operational risks are also monitored on a regular basis, with progress on implementing relevant controls and mitigating actions reported to the Executive Board. Programme and project level risks are monitored by the relevant programme lead or project board on a timescale appropriate to the programme or project.

The arts and culture sector that we support, like all other sectors of the economy, is still in the process of rebuilding post the pandemic. The future outlook for the sector is impacted by cost pressures, and the general economic environment.





The major risks to the achievement of our role as the National Development Agency for creativity and culture and our strategy, *Lets Create*, are set out below:

#### Economic pressures continue to impact the sector and our ability to deliver *Let's Create*

Inflationary pressures across the UK, supply chain issues, and the increased cost of building materials, as well as energy costs and pay pressures resulting from inflation, could limit the cultural sector's ability to deliver the strategy and impact on Capital development projects.

The Arts Council is working with organisations to deliver at a level appropriate to funding, taking inflation into account. We continue to increase our understanding of the data concerning the financial impact on the sector and make the case to Government on intervention and the impact of inflationary pressures.

#### Travel regulations and restrictions, and rising freight and fuel costs, impact on international touring, an important source of income for the sector

Increases in global freight cost, cost of travel and insurance have the potential to reduce the sector's ability to tour internationally, resulting in loss of income and exposure outside of the UK.

To help aid international touring, we encouraged organisations to apply for international touring work through the over £30,000 Touring strand of National Lottery Project Grants. The Arts Council is also working to build international partnerships. We are a member of the On the Move organisation which promotes artist access and helps inform the sector and navigate touring difficulties. Additionally, we have established new network partnerships with the Nordic and Baltic states and have initiated bilateral partnership projects with Germany, France and Italy.

#### Funding pressure on Local Authorities, which leads to reduced local investment in the arts and culture and reduced local momentum to deliver *Let's Create* outcomes

Economic and inflationary pressures are also severely impacting on local government, the largest investor in the arts and culture sector in England. This has exacerbated our concerns over the possibility of further reductions in local authority investment. We will continue to work with the Local Authorities, elected Mayors, the Local Government Association, the Ministry of Housing, Communities and Local Government, Local Enterprise Partnerships and others to maintain libraries, museums and arts organisations, and make the case for the vital role that they play in our local communities.

## We are not seen as responding appropriately to issues around equality, diversity and inclusion by colleagues and external stakeholders

To address this risk, we developed a set of Equality Objectives to inform all our work and we are monitoring our progress in delivering them. We have set internal targets for our staff diversity to ensure that the Arts Council reflects the communities it supports. (see Performance Report for more details).

We publish an annual Equality and Diversity report which assesses the diversity of audiences, leaders, producers and creators of creativity and culture. We measure our progress by collecting, analysing and reporting on data relating to equality and diversity of the work, organisations and projects that we fund.

In 2022-23, the Arts Council commissioned an independent review of Equality, Diversity and Inclusion within Arts Council England, and have appointed the Nous Group to undertake a review of the Arts Council's internal culture, policies and practices. We expect it to report in Summer 2023.

## Our future income

Our two main sources of income are Exchequer Grant-in-Aid and funding from the National Lottery.

We continue to monitor the impact of the economy on our National Lottery income, together with the potential impact of the transition to a fourth National Lottery licence in February 2024.

## Data security and personal data

Arts Council England continues to maintain its performance in responding effectively to information requests, identifying opportunities to proactively disclose information, and embedding good information handling behaviours across the organisation.

There were no major security incidents involving data at the Arts Council during 2022/23. During this period, 22 personal data security breaches were reported. One personal data breach was reported to the Information Commissioner's Office (ICO). The ICO considered our report and concluded that the actions we took to mitigate the breach were sufficient and so decided not to take any further action. The Arts Council dealt with all incidents immediately; each was investigated to see if any changes needed to be made to the Arts Council's systems and processes.

Our Senior Information Risk Owner chairs the Information Governance Subcommittee which oversees the framework and processes in place to monitor information assets and associated risks along with developing a culture of awareness among all staff. The subcommittee is supported in its work by the Data Protection Officer who assists the organisation to monitor internal GDPR compliance and inform and advise on our data protection obligations.

## Whistleblowing policy

Arts Council England's whistleblowing policy is derived from the Public Interest Disclosure Act 1998 (PIDA) which exists to protect any members of staff who make disclosures in good faith about wrongdoing or activity which is against the public interest. The policy is made available to all permanent and temporary staff and is published on our intranet. There was one whistleblowing claim during 2022/23 which was investigated and not upheld.

## UK sanctions against Russia

As a result of the war in Ukraine, Government departments were asked to review their business arrangements to ensure that they were not involved in any contracts or transactions which would breach the sanctions placed on certain individuals who were deemed to have close links with the Russian government. Arts Council England reviewed its finance and grants systems and confirmed that no transactions had taken place with sanctioned individuals or organisations. The Arts Council issued a statement on the Russian invasion of Ukraine on 11 March 2022 which can be read [here](#).

## Compliance with Government Functional Standards

Government functional standards are a suite of 15 management standards that set expectations for functional work across all Government departments, including arm's-length bodies, and provide a stable basis for assurance, risk management and capability improvement. Formulated by the Cabinet Office, these standards are intended to form a framework to support the efficient and effective delivery of public services. For 2022/23, we complied with all of the mandatory requirements of these standards relevant to our operations with the exception of one aspect of Functional Standard 007: Security. We do not currently use the Government classification markings but plan to introduce these as part of our new records management system.

## Conflicts of interest

As a public body we have a code of ethics that makes sure all staff adhere to the Seven Principles of Public Life, the Bribery Act 2010 and the Government rules on code of conduct in non-departmental public bodies. In particular, staff are required:

1. to act, and be seen to act, with independence and impartiality while working for the Arts Council

2. to take steps to avoid conflicts of interest, by registering and declaring any conflicts between personal interests and the work of the Arts Council as they arise

A register of interests for all National Council and Executive Board members is available at the following link:

<https://www.artscouncil.org.uk/national-council/national-council-register-interests>

In March 2021 the Government also issued the *12 Principles of Governance for all Non-Executive Directors of Public Bodies*:

<https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds>

## Internal audit

The annual programme of internal audit work is carried out by an external firm of accountants to standards defined in the Public Sector Internal Audit Standards. The work of internal audit is informed by the risk register, an assessment of the assurance requirements – particularly on the most significant risks facing Arts Council England – and the key day-to-day processes and systems in place. The annual internal audit plan is based on this analysis. It is endorsed by Management Committee and approved by the Performance and Audit Committee. The internal auditors receive all Performance and Audit Committee papers and attend the Performance and Audit Committee meetings.

They provide periodic progress reports including the findings of follow-up reviews, building up to an annual report on internal audit activity. This annual report includes the internal auditors' opinion on the overall adequacy and effectiveness of the systems that internal audit have reviewed. The Performance and Audit Committee reviews and discusses the progress report and the annual assurance report. Internal audit services are being provided by RSM.



In their 2022/23 annual report, RSM stated that, in their opinion:

“The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal controls to ensure that it remains adequate and effective.”

### Review of effectiveness of internal control

The Accounting Officer and the Chair of Council, as the representatives of the Trustees, have responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control is informed by the work of the internal auditors the executive managers within Arts Council England who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. A review of the effectiveness of our system of internal control has taken place. National Council and the Performance and Audit Committee have been advised about the findings in the review and a plan to address weaknesses and ensure continuous improvement of the system is in place.

### Assessment of the effectiveness of internal control during 2022/23

The effectiveness of the Arts Council’s internal controls is monitored through a set of operational metrics reviewed by Executive Board and the Performance and Audit Committee. This is supported by a programme of internal audit reviews.

For 2022/23, internal audit completed reviews of the following areas:

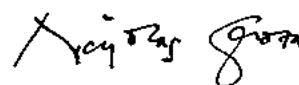
- 1) Post Event Assurance – CRF2
- 2) PHSO Complaint review
- 3) PAC CRF Advisory Review
- 4) Post Event Assurance – CRF3
- 5) National Portfolio Organisations decision making
- 6) Finance System Implementation Post-Implementation Review
- 7) Safeguarding Considerations within Funding
- 8) Follow Up reviews
- 9) Cyber Security Follow Up (including Security Functional Standard Review

Where weaknesses have been identified during the course of internal audit’s work, the findings and the action that management have taken to address key weaknesses have been reported to the Performance and Audit Committee. Throughout 2022/23 we monitored our strategic, operational and project risks in accordance with our risk management policy. We also continued to revise and refine our risk management policies and procedures.



**Dr Darren Henley CBE**  
Chief Executive

21 JUNE 2023



**Sir Nicholas Serota CH**  
Chair

21 JUNE 2023

## GRANTS TO LOCALLY GOVERNED ORGANISATIONS

All grants awarded by Arts Council England are subject to funding agreements with clearly laid out terms and conditions. We satisfy ourselves that relevant conditions are met before payment is made.

## PUBLIC SECTOR INFORMATION

On 1 April 2009 Arts Council England became a provider of official statistics under the extended scope of the Statistics and Registration Act 2008. This means that when Arts Council England produces, manages and disseminates official statistics we strive to abide by the Code of Practice for Official Statistics published by the UK Statistics Authority in January 2009.

The code sets out a number of important principles and practices to ensure that the official statistics meet the needs of Government and society and are both trustworthy and trusted.

## BETTER PAYMENT PRACTICE CODE

We attempt to abide by the Better Payment Practice Code, and in particular pay bills in accordance with our contracts. Invoices are normally settled within our suppliers' standard terms, usually 30 days, and we aspire to settle valid invoices within 10 days. During 2022/23, 100 per cent of invoices were paid within 30 days (2021/22: 100 per cent) and we paid 94 per cent per cent of invoices within five days (2021/22: 97.6 per cent).

## CORPORATE INFORMATION

### Principal address as at 31 March 2023

The Hive  
49 Lever Street  
Manchester  
M1 1FN

### Banker

Government Banking Service  
National Westminster Bank plc  
Premier Place  
Devonshire Square  
London  
EC2M 4BA

### Auditor

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

### Administrators, actuaries and investment advisers to the Arts Council Retirement Plan

Hymans Robertson LLP  
20 Waterloo Street  
Glasgow  
G2 6DB

### Administrators, actuaries and investment advisers to the West Yorkshire Pension Fund

Aon Hewitt  
25 Marsh Street  
Bristol  
BS1 4AQ

### Solicitors

A number of specialised solicitors have been appointed to our external solicitor pool.



# 06.

## Remuneration and staff report 1 April 2022 – 31 March 2023

PART-AUDITED INFORMATION









**The remuneration report covers the whole organisation and the costs have been apportioned to both Grant-in-Aid and Lottery distribution accounts. The salary and pension disclosures for senior staff, the disclosures required by the Hutton Review and the Compensation Scheme – Exit Packages have been audited.**

#### THE REMUNERATION COMMITTEE

Arts Council England has a Remuneration Committee for specific matters relating to the remuneration and performance of its Chief Executive and Executive Directors. The committee operates within written terms of reference, and usually meets once during the year to agree annual pay increases and performance bonuses for the Executive Board. The Chief Executive makes reward recommendations to the committee in respect of those staff on Executive Board who report directly to him, but any salary increases and bonus payments to the CEO and Executive Directors must be approved by the Remuneration Committee. At the meeting on 18 May 2022 where decisions were taken about 2021/22 Executive Board and CEO remuneration, the members of the committee were Sir Nicholas Serota, Paul Roberts (Chair), Elizabeth Murdoch and Kate Willard.

#### COUNCIL MEMBERS' REMUNERATION (AUDITED)

Our supplemental charters issued in 2002 and 2006 provide us with the authority to remunerate our National Council members, who are also Area Council Chairs, and our National Chair. Remuneration amounts are set by the Department for Culture, Media and Sport (DCMS) and agreed by the Charity Commission.

Those members of National Council who are also Chairs of Area Councils were entitled to remuneration of £6,858 each per annum during 2022/23 (2021/22: £6,659). During 2022/23, six members of National Council served as Area Council Chairs. The Chair's

salary for the period 2022/23 was £40,000 (2021/22: £40,000). Remuneration and expenses paid to National Council members are shown in the table on the next page.

#### EXECUTIVE DIRECTORS' REMUNERATION – (AUDITED)

For 2022-23 the Arts Council's Remuneration Committee awarded an annual pay increase of £1,093 for the Executive Board. This is in line with the annual pay increase awarded to staff for the year. The CEO opted not to take a consolidated salary increase. The Remuneration Committee also agreed a non-consolidated performance bonus of £2,000 for each Executive Director. The CEO was awarded a non-consolidated performance bonus of £17,499 which he opted not to receive. £10,000 of this sum was distributed to the First Generation scholarship fund at Manchester Metropolitan University. The First Generation scholarship fund is a scheme which supports young people from backgrounds where it is unusual to enter higher education. The remaining amount was distributed to the Arts Council's Staff Development Fund.



NATIONAL COUNCIL MEMBERS – SALARY & EXPENSES (AUDITED)	POSITION	SALARIES	EXPENSES	TOTAL	TOTAL 21/22
Sir Nicholas Serota CH	Chair of the Arts Council	£40,000	£1,335	£41,335	£40,909
Professor Roni Brown	Chair – South East Area Council	£6,858	£155	£7,014	£7,074
Kate Willard OBE	Chair – North Area Council	£6,858	–	£6,858	£6,659
David Bryan CBE	Chair – London Area Council	£1,715	–	£1,715	–
Ruth MacKenzie CBE	Chair – London Area Council (left 31 December 2022)	£5,144	£138	£5,282	£6,659
Helen Birchenough	Chair – South West Area Council	£6,858	£1,390	£8,248	£7,529
Sukhy Johal MBE	Chair – Midlands Area Council	£6,858	£346	£7,205	£6,797
Andrew Miller MBE	Member	–	£1,107	£1,107	£114
Elisabeth Murdoch CBE	Member	–	–	–	–
Paul Roberts OBE	Member	–	£571	£571	£346
Bill Bush	Member	–	–	–	–
YolanDa Brown OBE	Member	–	–	–	–
Abigail Pogson	Member	–	£231	£231	–
Deborah Shaw	Member	–	£709	£709	–
Baroness Fleet, Veronica Wadley CBE	Member	–	£464	£464	–
Jamie Njoku-Goodwin	Member	–	–	–	–
Other expenditure		–	£743	£743	£3,665
		<b>£74,291</b>	<b>£7,189</b>	<b>£81,480</b>	<b>£79,752</b>

MEMBERS RESIDE IN DIFFERENT PARTS OF THE COUNTRY AND THEREFORE THEIR EXPENSES WILL VARY ACCORDINGLY.



## EXECUTIVE DIRECTORS' REMUNERATION – (AUDITED)

MEMBER		SALARY £000s	SALE OF ANNUAL LEAVE	VARIABLE PERFORMANCE PAYMENT £000s	EMPLOYERS' PENSION CONTRIBUTIONS £000s	TOTAL REMUNERATION £000s
Dr Darren Henley CBE Chief Executive	<b>2022/23</b>	150	–	–	30	<b>180</b>
	2021/22	150	–	–	30	<b>180</b>
Laura Dyer MBE Deputy CEO (Places, Engagement & Libraries)	<b>2022/23</b>	127	–	2	25	<b>154</b>
	2021/22	126	–	–	25	<b>151</b>
Simon Mellor OBE Deputy CEO (Arts & Museums)	<b>2022/23</b>	127	5	2	25	<b>159</b>
	2021/22	126	5	–	25	<b>156</b>
Elizabeth Bushell* Chief Finance Officer	<b>2022/23</b>	73	4	2	14	<b>93</b>
	2021/22	112	2	–	22	<b>136</b>
Navees Rahman** Chief Finance & Resources Officer	<b>2022/23</b>	9	–	–	2	<b>11</b>
Mags Patten Executive Director (Public Policy & Communications)	<b>2022/23</b>	114	–	2	23	<b>139</b>
	2021/22	112	–	–	22	<b>134</b>
Francis Runacres MBE Executive Director (Enterprise & Innovation)	<b>2022/23</b>	114	–	2	23	<b>139</b>
	2021/22	112	–	–	22	<b>134</b>
Richard Russell Chief Operating Officer	<b>2022/23</b>	113	–	2	23	<b>138</b>
	2021/22	112	4	–	22	<b>138</b>

\* ELIZABETH BUSHELL LEFT IN NOVEMBER 2022 AND THEREFORE THE SALARY SHOWN ABOVE IS FOR ONLY PART OF THE YEAR. HER FYE SALARY WOULD HAVE BEEN £113K

\*\* NAVEES RAHMAN STARTED IN MARCH 2023 AND THEREFORE THE SALARY SHOWN ABOVE IS FOR ONLY PART OF THE YEAR. HIS FYE SALARY WAS £114K

The Hutton Review asks organisations to disclose the median remuneration of Arts Council England's staff and the ratio between this and the remuneration of the highest paid Director. The following calculation is based on the full-time equivalent staff number at the reporting period end date on an annualised basis and compares this to the normal annual remuneration of the Arts Council's CEO, Darren Henley.

## HUTTON REVIEW DISCLOSURES – (AUDITED)

	2022/23 £	2021/22 £
Highest paid Director's remuneration	<b>149,736</b>	149,736
Median remuneration	<b>33,708</b>	32,615
Ratio	<b>4.44</b>	4.59
Upper quartile	<b>44,697</b>	43,604
Ratio	<b>3.35</b>	3.43
Lower quartile	<b>29,850</b>	27,672
Ratio	<b>5.02</b>	5.41

THE RANGE OF STAFF REMUNERATION DURING THE YEAR WAS £20,021 TO £149,736 (2021/22: £18,928 TO £149,736). THE "HIGHEST PAID DIRECTOR'S REMUNERATION" DID NOT CHANGE COMPARED TO 2021/22 AS THE CHIEF EXECUTIVE DID NOT RECEIVE A PAY AWARD. ALL OTHER STAFF RECEIVED A FLAT-RATE PAY INCREASE OF £1,093. NO BENEFITS ARE PAID TO EMPLOYEES SO ALL AMOUNTS AND RATIOS QUOTED RELATE TO SALARY COMPONENTS. THE MEAN AVERAGE SALARY DURING 2022-23 WAS £37,014 (2021-22 £35,383) A 4.6 % INCREASE.

## STAFF COSTS (AUDITED)

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
Staff costs comprise:					
Salaries and wages	27,658	3,327	11,431	12,900	10,512
Employer's National Insurance	2,676	357	1,075	1,244	1,100
Employer's pension contributions	4,516	612	1,802	2,102	1,975
Redundancy Costs	170	–	55	115	2
Agency staff	549	154	89	306	156
	35,569	4,450	14,452	16,667	13,745

## EMOLUMENTS BY BANDS (AUDITED)

The number of employees whose remuneration, including redundancy pay, exceeded £60,000 for the year is detailed below. These figures do not include executive directors who are listed in the remuneration report.

PENSION SCHEME				
EMOLUMENTS FOR THE YEAR	DEFINED BENEFIT	DEFINED CONTRIBUTION	NO PENSION	TOTAL 2022/23
£60,000-£69,999	15	2	–	17
£70,000-£79,999	6	1	–	7
£80,000-£89,999	11	–	–	11
£90,000-£99,999	2	–	–	2
£110,000-£119,999	2	–	–	2
				39

**COMPENSATION SCHEME – EXIT PACKAGES (AUDITED)**

Details of redundancies and other exit packages agreed during 2022/23 are as follows:

EXIT PACKAGE COST BAND	2022/23			2021/22		
	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2022/23	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2021/22
< £9,999	1	–	<b>1</b>	1	–	1
£10,000 – £24,999	–	–	–	–	–	0
£25,000 – £49,999	3	–	<b>3</b>	–	–	0
£50,000 – £99,999	1	–	<b>1</b>	–	–	0
£100,000 – £149,999	–	–	–	–	–	0
<b>Total number of exit packages by type</b>	<b>5</b>	<b>–</b>	<b>5</b>	<b>1</b>	<b>–</b>	<b>1</b>
Total resource cost £000s	170	–	<b>170</b>	8	–	8

Redundancy and other departure costs have been paid in accordance with the provisions of the Arts Council's job security policy. The Arts Council pays exit costs when employment ends but provides for exit costs at the point when there is sufficiently detailed information to do so.

**TAX ARRANGEMENTS OF PUBLIC SECTOR APPOINTEES**

In accordance with HM Treasury guidance on disclosure, the following disclosures set out the number of interim staff and the assurances given about tax status.

There were no new off-payroll engagements during 2022/23 for more than £245 per day and that had lasted for longer than six months.

There were no existing off-payroll engagements which reached six months in duration, between 1 April 2022 and 31 March 2023, for more than £245 per day.

It is Arts Council England's policy to only employ people off payroll once the relevant assurances have been received. There were no off-payroll engagements of Board members and/or senior officials with significant financial responsibility between 1 April 2022 and 31 March 2023.



Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility, during the financial year	–
Number of individuals who have been deemed 'Board members and/or senior officials with significant financial responsibility', during the financial year	9

## TRANSFER VALUES

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The calculation of the pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Arts Council Retirement Plan. They also include any additional pension benefit accrued to the member as a result of buying additional pension benefits at their own cost. Transfer values are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction resulting from Lifetime Allowance Tax which may be due when the pension benefits are taken.



## INCREASE IN TRANSFER VALUE (NET OF INFLATION) (AUDITED)

MEMBER	ACCRUED PENSION (LUMP SUM) AT 31 MARCH 2023 £000s	INCREASE IN PENSION (LUMP SUM) IN YEAR (NET OF INFLATION) 2022/23 £000s	TRANSFER VALUE AT 31 MARCH 2023 £000s	INCREASE IN TRANSFER VALUE (NET OF INFLATION) 2022/23 £000s	TRANSFER VALUE AT 31 MARCH 2022 £000s
<b>Darren Henley CBE</b> Chief Executive	24 (73)	– (-1)	229	-15	342
<b>Laura Dyer MBE</b> Deputy CEO (Places, Engagement & Libraries)	55 (164)	-3 (-10)	694	-51	940
<b>Simon Mellor OBE</b> Deputy CEO (Arts & Museums)	25 (76)	-1 (-2)	452	-20	493
<b>Elizabeth Bushell</b> Chief Finance Officer	34 (103)	-1 (-3)	313	-17	485
<b>Mags Patten</b> Executive Director (Public Policy & Communications)	24 (73)	– (-1)	248	-17	358
<b>Francis Runacres MBE</b> Executive Director (Enterprise & Innovation)	31 (93)	-1 (-4)	519	-30	598
<b>Richard Russell</b> Chief Operating Officer	48 (143)	-3 (-8)	620	-45	820
<b>Navees Rahman</b> Chief Financial & Resources Officer	– –	– –	1	–	–

CETV FIGURES ARE CALCULATED USING THE GUIDANCE ON DISCOUNT RATES FOR CALCULATING UNFUNDED PUBLIC SERVICE PENSION CONTRIBUTION RATES THAT WAS EXTANT AT 31 MARCH 2023. HM TREASURY PUBLISHED UPDATED GUIDANCE ON 27 APRIL 2023; THIS GUIDANCE WILL BE USED IN THE CALCULATION OF 2023-24 CETV FIGURES.

The above table shows the increase in transfer value that is funded by the employer net of the increase in accrued pension due to inflation. This increase also excludes contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement or purchased via an Additional Voluntary Contribution contract) and uses common market valuation factors for the start and end of the period.

## Staff Report

As Covid-19 restrictions relaxed in early spring 2022, we re-opened our offices to colleagues and set out guidance for new hybrid working for all staff. These included regular team contact days in the offices, with a continuation of virtual meeting practices in those circumstances which would benefit from a fast and effective way of getting colleagues in disparate locations together. This has created considerable savings in our travel budget and has been received well by most colleagues, who value the flexibility it gives them.

Over the course of the year, our headcount has fallen from 679 to 643. The organisation had flexed from 2020 to provide extra resource in support of the Cultural Recovery Fund and other new and critical programmes, with new secondments and fixed-term contract roles created to support this. These have now drawn to a close. Our voluntary leaver rate was 13.2 per cent (85 from 643 contracted staff and 79 new colleagues joined the organisation in this year).

In 2022/23 some initiatives we launched in our own people space included:

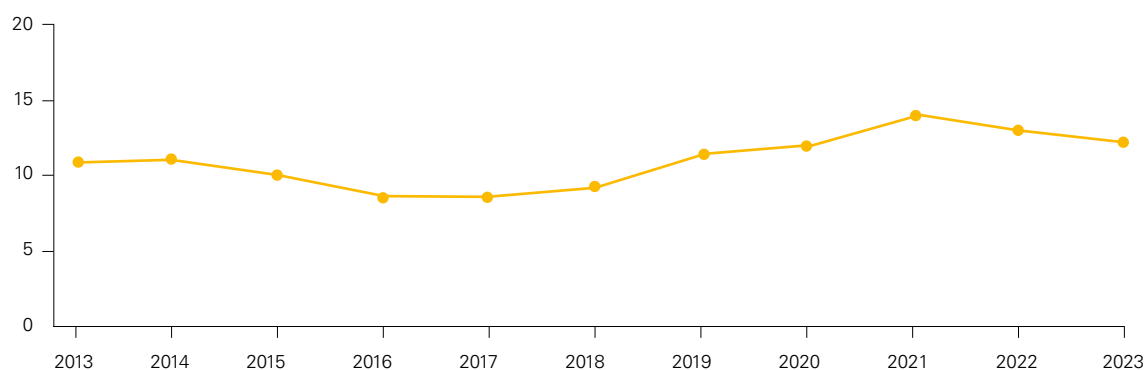
- An external review into our inclusion and diversity work and climate. Results and recommendations from this are expected in summer 2023

- Improved policies and platforms for colleagues to flag up and implement workplace adjustments for their access needs
- A review of how we can adjust roles and responsibilities to align with our need to become an organisation that develops as well as funds the arts and culture sector
- Ongoing developments in our recruitment process and platforms to build on the diversity of our workforce
- Commencement of a review of access for Disabled, Deaf and Neurodiverse colleagues across all areas of the organisation
- We began collecting data on the socio-economic background and neurodiversity of our people, as a benchmark for future EDI initiatives in this area
- The development of new policy and learning and development in key EDI subject areas

In 2022/23, the Civil Service Pay Guidance permitted us to award a maximum consolidated salary increase that would be equivalent to 3 per cent of our paybill. We agreed with the union to distribute this to colleagues in the form of a £1,093 flat rate consolidated increase per head of staff.

The number of staff working for Arts Council England who are from Black, Asian, and ethnically diverse backgrounds fell slightly from 13.5 per cent to 12.4 per cent.

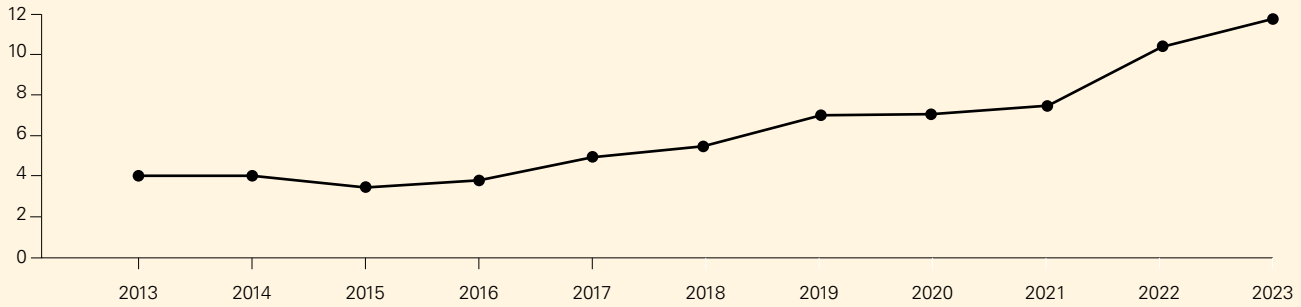
### % OF STAFF WHO IDENTIFY AS BLACK, ASIAN AND ETHNICALLY DIVERSE





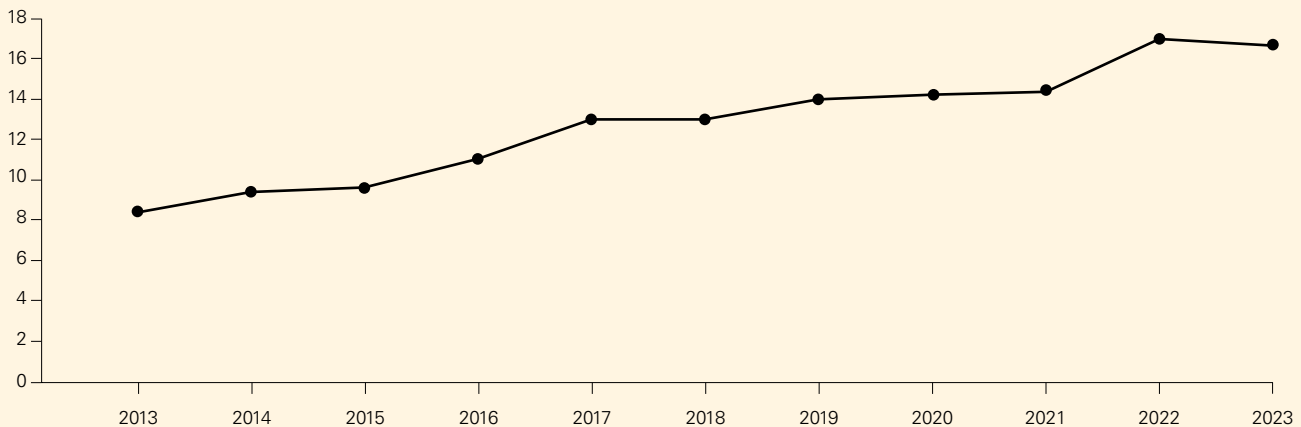
Our numbers of disabled, deaf and neurodiverse staff rose from 10.3 per cent in 2021/22 to 12 per cent in 2022/23.

#### % OF STAFF WHO IDENTIFY AS DISABLED OR DEAF



A total of 16.8 per cent of our staff body is LGB, broadly the same as last year.

#### % OF STAFF WHO IDENTIFY AS LESBIAN, GAY OR BISEXUAL



### Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 took effect on 1 April 2017 and mean that public sector employers are now required to publish certain information on trade union officials and facility time in their annual report.

Facility time covers duties carried out for the trade union or as a union learning representative, for example, accompanying an employee to a disciplinary or grievance hearing. It will also cover training received and duties carried out under the Health and Safety at Work Act 1974.

The information for Arts Council England is as follows:

#### Relevant union officials

What was the total number of Arts Council England employees who were relevant union officials during the relevant period?

NUMBER OF EMPLOYEES WHO WERE RELEVANT UNION OFFICIALS DURING THE RELEVANT PERIOD	FULL-TIME EQUIVALENT EMPLOYEE NUMBER
14	13

#### Percentage of time spent on facility time

How many of Arts Council England employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

PERCENTAGE OF TIME	NUMBER OF EMPLOYEES
–	–
1-50%	20
51%–99%	–
100%	–

### Percentage of pay bill spent on facility time

The figures below show the percentage of Arts Council England's total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Total cost of facility time	£23,954
Total pay bill	£34,849,692
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.07%

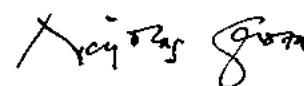
#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%
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**Dr Darren Henley CBE**  
Chief Executive

21 JUNE 2023



**Sir Nicholas Serota CH**  
Chair

21 JUNE 2023

Just north of Dewsbury  
Part of Kirklees



# 07.

## Strategic report



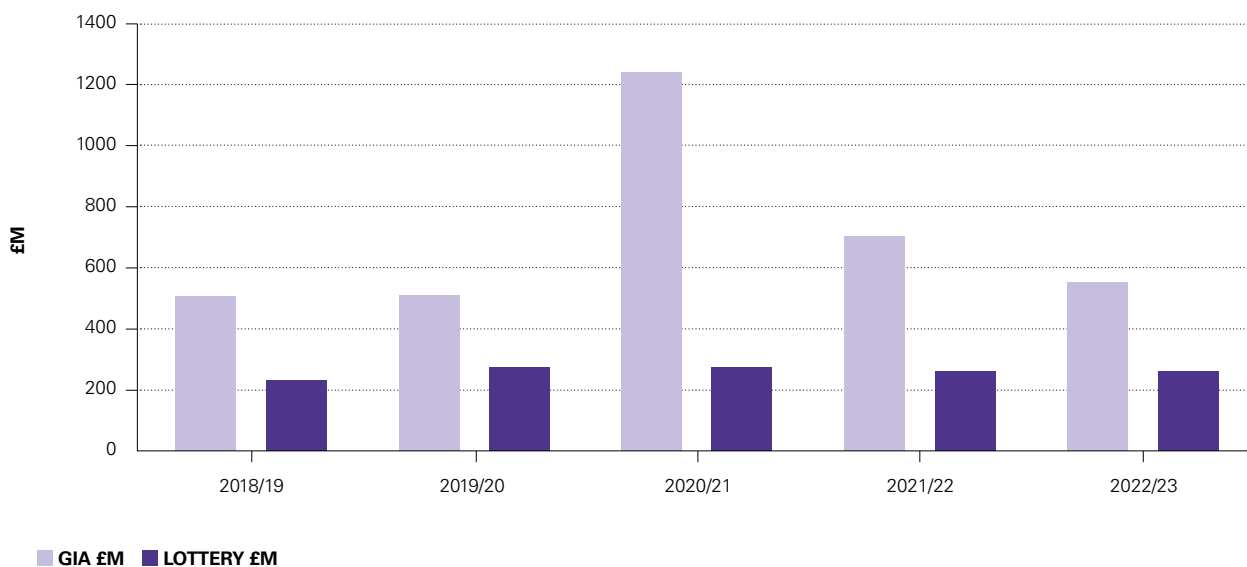


## STRATEGIC REPORT GRANT-IN-AID

### Our income

Arts Council England receives Grant-in-Aid from the Department for Culture, Media and Sport (DCMS). DCMS provided Grant-in-Aid of £543 million for the year (2021/22: £690 million), which included £384 million for various revenue grants programmes and £55.4 million of capital funds to allocate as grants. It also included funding from the Department for Education of £82.1 million (2021/22: £82.2 million) to support plans for music and cultural education. The graph below shows our total income from both Grant-in-Aid and the National Lottery over the last five years. Lottery income has remained fairly level throughout the period; Grant-in-Aid income increased substantially during 2020/21 and 2021/22 due to the Culture Recovery Fund programme.

### OUR INCOME



## GRANT-IN-AID RESTRICTED INCOME

The Arts Council received funding specifically for the following programmes and projects during 2022/23:

PROGRAMME	REVENUE FUNDING £MILLION	CAPITAL FUNDING £MILLION
Coventry/Bradford city culture	2.140	0.350
Cultural Development Fund	2.996	16.733
Regional Museums	–	21.400
CIF Libraries	–	5.000
Creative Education Plan YAB	0.025	–
Cultural Investment Fund	1.827	–
Culture Recovery Fund	0.500	–
Saturday Clubs	0.450	–
Know your Neighbourhood	4.518	–
Volunteering Futures Fund	0.085	–
Competent Authority	0.016	–
NPO Transition	5.200	–
Music hubs – DfE	79.076	–
In Harmony – DfE	0.208	–
NYMO – DfE	0.419	–
Music for Youth	0.105	–
National Youth Dance Company	0.200	–
Sorrell National Art & Design clubs	0.130	–
Expansion of Bridge networks	0.615	–
Museums and Schools	1.200	–
Culture Admin allocation	0.125	–

## GRANT-IN-AID EXPENDITURE

Our expenditure decreased by 20 per cent compared to 2021/22. This was due primarily to the continuing reduction in the size of the Culture Recovery Fund programme which fell from £695 million in 2020/21, to £147 million last year and to nil in 2022/23. As can be seen from the graph below, expenditure during 2022/23 has returned to the long-term average.

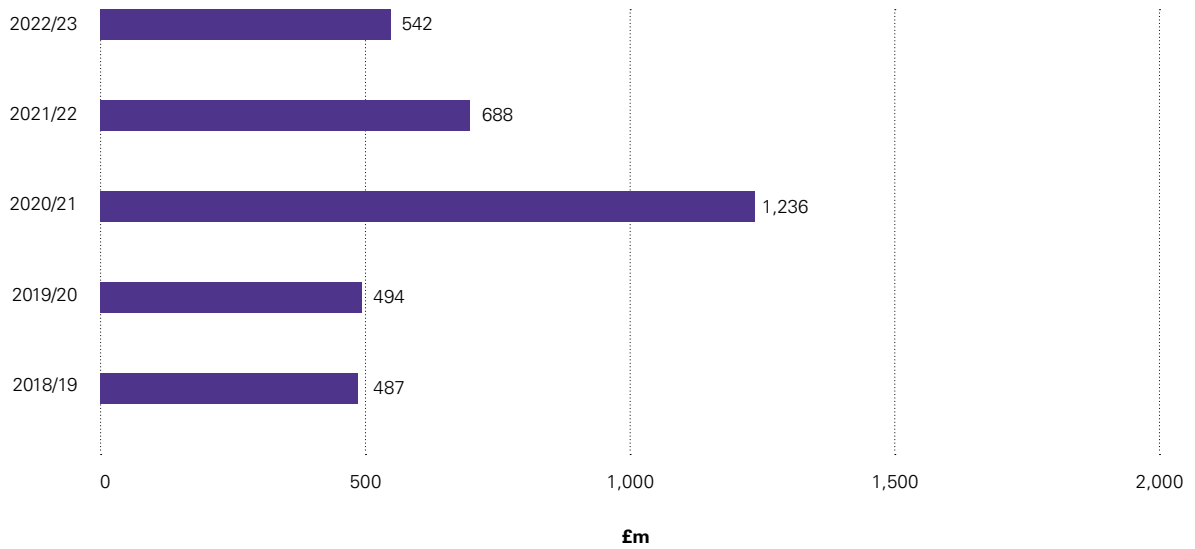
The previous round of National Portfolio Organisation funding allocations covered

the period 2017-22. Due to the pandemic, the approval of the next round of funding was delayed by one year and will now cover the period 2023-26. National Portfolio Organisations were given additional one-off grants to cover the intervening year totalling £343 million (2021/22: £340 million).

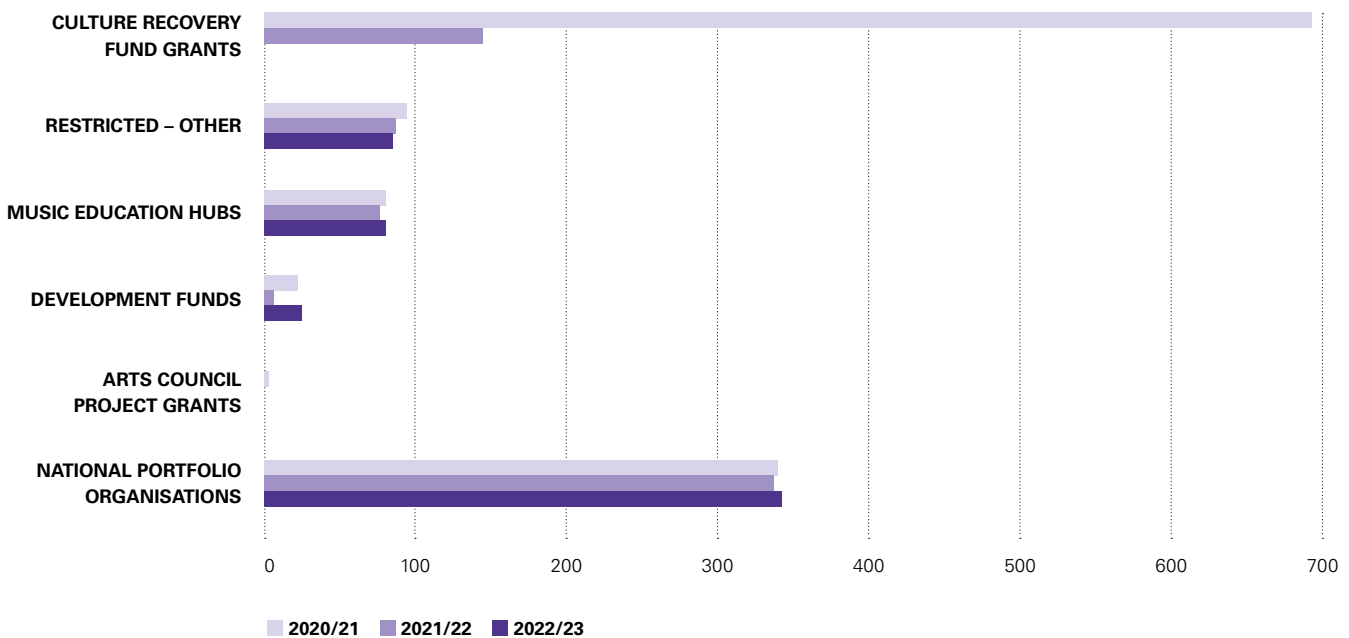
In addition, we spent £31 million (2021/22: £16 million) through grants and direct expenditure on development and investment programmes and £78 million (2021/22: £78 million) on Music Education Hubs.



### GRANT-IN-AID EXPENDITURE 2018-2023



### GRANT-IN-AID EXPENDITURE (£m)



As a non-departmental public body, we have a duty to stay within our departmental expenditure limits (DEL) budgets set by DCMS, irrespective of how the financial statements then translate when prepared under the Charities SORP.

Our out-turn against our revenue DEL budgets, set by DCMS, is a £350,000 underspend (2021/22: £889,000 underspend). However, the Statement of Financial Activities shows net income for the year of £476,000 (2021/22: net income of £786,000).

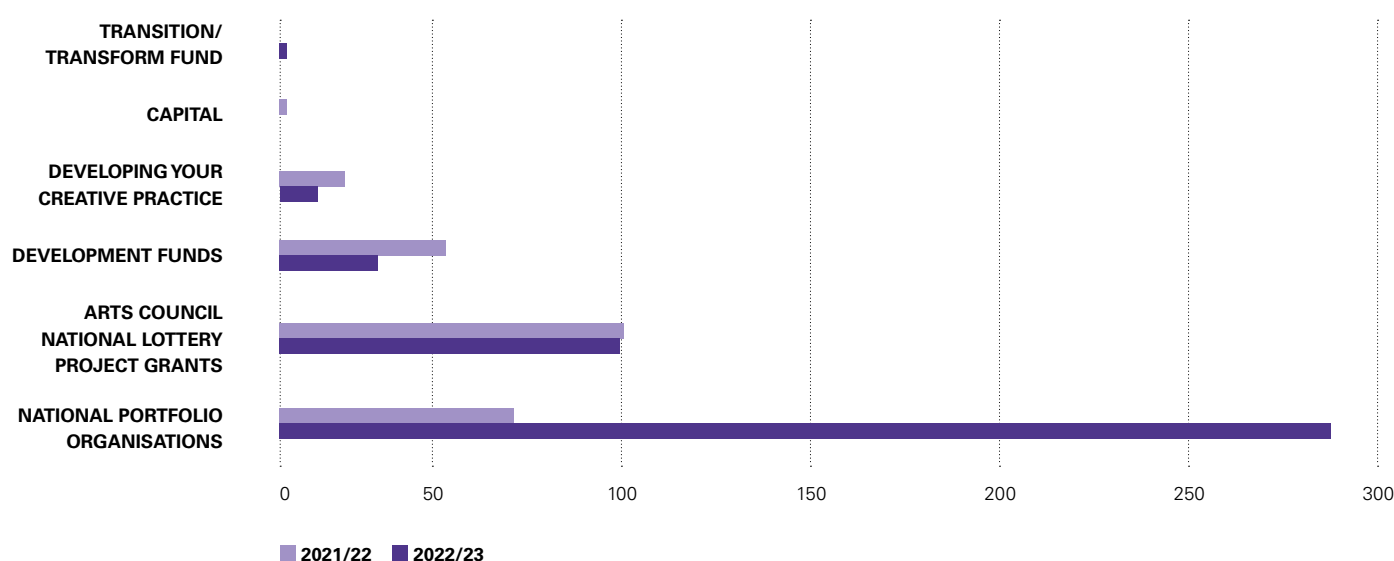
The difference between performance against our DEL and the net expenditure for the year is attributable to adjustments related to pension costs, the treatment of provisions (which include the West Yorkshire Pension Fund liability) – ie new provisions and unutilised provisions are not included within our DEL totals until they are utilised. This does not match the accounting treatment but is consistent with HM Treasury's consolidated budgeting guidance. Further information

is available in Note 28 of the Grant-in-Aid accounts.

At 31 March 2023, Arts Council England had unrestricted reserves of £946,000 (2021/22: £851,000) together with £9.8 million (2021/22: £9.7 million) restricted income funds and endowment capital funds reserves. Our policy on reserves has been to ensure that we hold sufficient funds to maintain liquidity, to cover unforeseen short-term cash requirements and to cover planned future expenditure. We review this policy and our reserves position annually. However, our use of reserves is restricted by the Government's budgetary controls, which means that we would require HM Treasury approval to use our reserves if it were necessary to do so.

Fees paid to the National Audit Office for Grant-in-Aid audit services during 2022/23 were £78,000 including VAT (2021/22: £83,250 including VAT). Full details in relation to financial instruments are given in Note 26 to the Grant-in-Aid accounts.

## LOTTERY PROGRAMME EXPENDITURE (£m)



Arts Council England is one of the bodies designated to distribute funds from the National Lottery by the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998). New Lottery grant commitments in the year totalled £428 million (2021/22: £257 million).

At year-end, a total of £420 million (2021/22: £216 million) accepted grant commitments remained outstanding and awaiting payment. This compares with a balance in the National Lottery Distribution Fund, plus bank balances, of £218 million (2021/22: £206 million). We monitor levels of Lottery income closely, and the level of outstanding grant commitments is considered sensible, based on past and projected income flows, given that our £420 million of Lottery grant commitments are known to be spread over a three-year period from 1 April 2023 to 31 March 2026.

Actual proceeds from the National Lottery received in 2022/23 were £247 million, slightly lower than the £253 million received in 2021/22.

Our Lottery balance policy states that we should maintain a cash reserve of at least £25 million in each year over the period to March 2025. This is the equivalent of approximately one month's worth of income, which we feel is sufficient to mitigate the risks involved while ensuring that we continue to commit to as high a value of Lottery grant programmes

as possible as the sector recovers from the pandemic.

Our Lottery balance exceeds this amount at year-end due to the need to hold cash for grants with longer term cashflow requirements beyond 31 March 2023.

Further details of the activities and policies of Arts Council England are included in the National Lottery report 2022/23 (see pages 174 to 181).

Full details in relation to financial instruments are given in Note 19 of the Lottery distribution accounts.

Fees payable to the National Audit Office for Lottery external audit services during 2022/23 were £65,000 (2021/22: £64,375).

### CONSOLIDATED ACTIVITIES

We prepare separate accounts for our Grant-in-Aid and Lottery distribution as required by the Secretary of State for Culture, Media and Sport. We do not prepare a full set of consolidated accounts due to the differing accounting policies we are required to follow under the two separate accounts directions. However, to give a better understanding of our activities, we have prepared the following illustrative results for the two accounts combined for the 2022/23 and 2021/22 financial years.



	2022/23 £000s	2021/22 £000s
<b>INCOME</b>		
Grant-in-Aid income	<b>540,236</b>	686,801
Share of the National Lottery Distribution Fund	<b>246,755</b>	252,290
Investment returns on the Distribution Fund	<b>4,952</b>	357
Other income	<b>3,768</b>	2,397
<b>Total income</b>	<b>795,711</b>	941,845
<b>EXPENDITURE</b>		
Net Grant-in-Aid grant commitments	<b>514,462</b>	658,186
Other Grant-in-Aid arts expenditure	<b>4,123</b>	4,735
Net Lottery grant commitments	<b>427,254</b>	248,454
Lottery Invoiced Arts expenditure	<b>1,069</b>	453
Support costs	<b>42,722</b>	40,822
<b>Total expenditure</b>	<b>989,630</b>	952,650
Net gains/(losses) on investments	<b>16</b>	53
<b>Net income/(expenditure)</b>	<b>(193,903)</b>	(10,752)
Gain on revaluation of heritage assets	–	–
Actuarial gains/(losses) on defined benefit pension schemes	<b>(571)</b>	941
	<b>(571)</b>	941
<b>Net movement in funds</b>	<b>(194,474)</b>	(9,811)
<b>Consolidated reserves brought forward</b>	<b>(3,842)</b>	5,969
<b>Consolidated reserves carried forward</b>	<b>(198,316)</b>	(3,842)

Administration costs are 5.3 per cent of income (2021/22: 4.24 per cent). Grant-in-Aid administration (excluding one-off IT costs) totalled £23.48 million, which is 3.53 per cent of income (2021/22: 3.53 per cent). Lottery administration (excluding one-off IT costs) totalled £18.86 million, which is 7.42 per cent of income (2021/22: 6.19 per cent). The split over the two income streams continues to reflect the level of activity in Lottery investment compared to Grant-in-Aid.

## PLANS FOR THE FUTURE

Our strategy, *Let's Create*, describes our vision that by 2030, England will be a country in which the creativity of each of us is valued and given the chance to flourish and where everyone has access to a remarkable range of high-quality cultural experiences.

To help us achieve this vision, we periodically publish delivery plans. These set out in more detail the steps we will take to deliver *Let's Create* and how we will resource them. The first Delivery Plan covering 2021-24 was published in September 2021 and is updated annually. A new delivery plan covering the 2024-27 period will be published next year.

Our five themes for the current Delivery Plan have arisen out of our conversations with the Government and those working in the cultural sector, and they are designed to focus on those areas viewed as being in most pressing need of attention and investment if we are to successfully navigate the new, post-pandemic landscape. The themes are:

1. A 'fit for the future' cultural sector
2. Supporting individuals
3. Strengthening our place-based approach and contributing to levelling up
4. Working internationally
5. How the Arts Council will change

The delivery plan also includes an impact framework which sets out the measures we will use over the lifetime of *Let's Create*

to assess progress towards our three long-term Outcomes – Creative People, Cultural Communities, and A Creative and Cultural Country.

The Framework also sets out the measures we will use to demonstrate progress on each of the five Themes in this Delivery Plan and how our delivery against these Themes contributes to the long-term changes set out in *Let's Create*.

## GOING CONCERN ASSESSMENT

The Trustees confirm that the Financial Statements have been prepared on a "Going Concern" basis. This assumption is based on the funding agreement agreed with the Department for Culture, Media & Sport for 2023-24 and the current income forecasts relating to the National Lottery Distribution Fund.

## STATEMENT OF TRUSTEES' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under both the Royal Charter and the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), Arts Council England is required to prepare a statement of accounts for the financial period in the form and on the basis directed by the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury. The accounts are to be prepared on an accruals basis and to show a true and fair view of Arts Council England's state of affairs at the year end and of our incoming resources, resources expended and cash flows for the financial year.

The Grant-in-Aid accounts are also prepared so as to comply with the Charities SORP 2019, and the Lottery distribution accounts are prepared in line with the Government Financial Reporting Manual. Both sets of accounts are also expected to:

- observe the accounts directions issued by the Secretary of State which set out accounting and disclosure requirements, apply suitable accounting policies on a

- consistent basis, and make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Charity Statement of Recommended Practice or Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- be prepared on a going concern basis, unless it is inappropriate to presume that Arts Council England will continue in operation

The Principal Accounting Officer of DCMS has designated the Chief Executive as Arts Council England's Accounting Officer. The responsibilities of the accounting officers for Grant-in-Aid and Lottery distribution arm's-length bodies are set out in chapter three of *Managing Public Money*. Formally the Accounting Officer is the person who Parliament calls to account for stewardship of its resources.

The Accounting Officer signing off these accounts has gained assurance in the following ways:

- a meeting with the Chief Finance Officer to go through the financial controls
- discussing the annual review and accounts at an Executive Board meeting attended by Executive Board colleagues, including the Chief Financial Officer
- attending Performance and Audit Committee meetings where internal audit reports are reviewed and other internal control matters are scrutinised

The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer confirms that, as far as he is aware, the annual report and accounts as a whole is fair, balanced and understandable and he takes responsibility for the annual report and accounts and the judgement required for determining that it is fair, balanced and understandable.

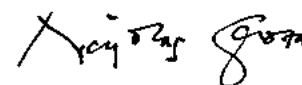
In approving these accounts, the Trustees have complied with their duty under section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

A copy of the Grant-in-Aid and Lottery distribution accounts directions are available from the Accounting Officer, Arts Council England, The Hive, 49 Lever Street, Manchester, M1 1FN.



**Dr Darren Henley CBE**  
**Chief Executive**

21 JUNE 2023



**Sir Nicholas Serota CH**  
**Chair**

21 JUNE 2023



# 08.

## Grant-in-Aid accounts

"WHY DON'T YOU  
OUTRUN THEM?"

Condition, Condition,  
Condition







"I THOUGHT YOU SAID THIS THING WAS FAST?"

What's In The Box?

Proposed and The

## THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE TRUSTEES OF THE ARTS COUNCIL ENGLAND AND THE HOUSES OF PARLIAMENT

### OPINION ON FINANCIAL STATEMENTS

I have audited the financial statements of the Arts Council England (Grant-in-Aid accounts) for the year ended 31 March 2023.

The financial statements comprise: the Arts Council England's (Grant-in-Aid accounts):

- Balance sheet as at 31 March 2023;
- Statement of Financial Activities, and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England's (Grant-in-Aid accounts) affairs as at 31 March 2023 and its total income before other recognised gains and losses for the year then ended;
- have been properly prepared in accordance with the Royal Charter and Secretary of State directions issued thereunder; and
- have been properly prepared in accordance with the Charities Act 2011.

### OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting *Council's Revised Ethical Standard 2019*. I am independent of the Arts Council England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Accounting Officer with respect to going concern are described in the relevant sections of this report.



## OTHER INFORMATION

The other information comprises information included in the Performance Report and Accountability Report but does not include either the Grant-in-Aid or the Lottery Distribution financial statements nor my auditor's certificate and reports. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Royal Charter.

In my opinion, based on the work undertaken in the course of the audit:

- those parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the Royal Charter; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Arts Council England or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Performance Report and Accountability Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Secretary of State direction under the Royal Charter, and the Charities Act 2011 have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## RESPONSIBILITIES OF THE TRUSTEES AND ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- the preparation of the Grant-in-Aid financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Arts Council England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit and express on opinion on etc the financial statements in accordance with the applicable laws and International Standards on Auditing (ISAs)(UK) and the Charities Act 2011.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud:

- considered the nature of the sector, control environment and operational performance including the design of the Arts Council England's accounting policies.
- inquired of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England's controls relating to the Arts Council England's compliance with the Royal Charter, Charities Act 2011, and Managing Public Money;
- inquired of management, the Arts Council England's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;

- discussed with the engagement team and the relevant internal specialists, including IT Audit regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Arts Council England for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management estimates and grant expenditure. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I obtained an understanding of the Arts Council England's framework of authority and other legal and regulatory frameworks in which the Arts Council England operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council England. The key laws and regulations I considered in this context included, The Royal Charter, The Charities Act 2011, employment legislation and Managing Public Money.

### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the National Council and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested

the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- I tested a sample of grant expenditure to gain assurance that grants had been spent on the intended purposes.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

### **Other auditor's responsibilities**

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

### **Gareth Davies Comptroller and Auditor General**

26 JUNE 2023

### **National Audit Office**

157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP



## STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDING 31 MARCH 2023

	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and legacies	2a	<b>380,334</b>	<b>159,902</b>	–	<b>540,236</b>	686,820
Investments	2b	–	–	<b>15</b>	<b>15</b>	11
Charitable activities	3	<b>750</b>	<b>1,908</b>	–	<b>2,658</b>	1,738
Other: Lottery distribution accounts	4	<b>18,859</b>	–	–	<b>18,859</b>	15,907
<b>Total income and endowments</b>		<b>399,943</b>	<b>161,810</b>	<b>15</b>	<b>561,768</b>	704,476
<b>EXPENDITURE ON:</b>						
Charitable activities (including governance costs)	4	<b>380,340</b>	<b>162,108</b>	–	<b>542,448</b>	687,836
Other: Support costs attributable to Lottery distributions accounts	4	<b>18,859</b>	–	–	<b>18,859</b>	15,907
<b>Total expenditure</b>		<b>399,199</b>	<b>162,108</b>	–	<b>561,307</b>	703,743
Net gains/(losses) on investments	9	–	–	<b>16</b>	<b>16</b>	53
<b>Total income/(expenditure) before exceptional items</b>		<b>744</b>	<b>(298)</b>	<b>31</b>	<b>477</b>	786
<b>Total income/(expenditure) before other recognised gains and losses</b>		<b>744</b>	<b>(298)</b>	<b>31</b>	<b>477</b>	786
<b>OTHER RECOGNISED GAINS/LOSSES</b>						
Gain on revaluation of heritage assets	10	–	–	–	–	–
Actuarial gains/(losses) on defined benefit pension schemes	7	<b>(571)</b>	–	–	<b>(571)</b>	941
<b>Net movement in funds</b>	17	<b>173</b>	<b>(298)</b>	<b>31</b>	<b>(94)</b>	1,727
<b>RECONCILIATION OF FUNDS</b>						
Balance brought forward at 1 April		<b>13,108</b>	<b>1,012</b>	<b>747</b>	<b>14,867</b>	13,140
<b>Total funds carried forward at 31 March</b>		<b>13,281</b>	<b>714</b>	<b>778</b>	<b>14,773</b>	14,867

ALL AMOUNTS STATED IN THE STATEMENT OF FINANCIAL ACTIVITIES RELATE TO CONTINUING ACTIVITIES. THE NOTES ON PAGES 95 TO 139 FORM PART OF THESE ACCOUNTS.



## BALANCE SHEET AS AT 31 MARCH 2023

	NOTE	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2023 £000s	TOTAL 31 MARCH 2022 £000s
<b>FIXED ASSETS</b>						
Tangible assets	10	3,276	–	–	3,276	3,026
Heritage assets – Works of art	10	9,058	–	–	9,058	8,825
Investments	9	–	–	778	778	747
<b>Total fixed assets</b>		<b>12,334</b>	<b>–</b>	<b>778</b>	<b>13,112</b>	<b>12,598</b>
<b>CURRENT ASSETS</b>						
Debtors	12	–	121,237	–	121,237	104,388
Due from Arts Council Lottery accounts		5,195	–	–	5,195	7,329
Grants paid in advance	13	–	–	–	–	–
Cash and cash equivalents		37,065	21,047	–	58,112	78,345
<b>Total current assets</b>		<b>42,260</b>	<b>142,284</b>	<b>–</b>	<b>184,544</b>	<b>190,062</b>
<b>LIABILITIES:</b>						
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>						
Grants outstanding	14	33,897	141,201	–	175,098	180,615
Creditors	15	5,230	369	–	5,599	6,421
<b>Total creditors: amounts falling within one year</b>		<b>39,127</b>	<b>141,570</b>	<b>–</b>	<b>180,697</b>	<b>187,036</b>
<b>Net current assets</b>		<b>3,133</b>	<b>714</b>	<b>–</b>	<b>3,847</b>	<b>3,026</b>
<b>Total assets less current liabilities</b>		<b>15,467</b>	<b>714</b>	<b>778</b>	<b>16,959</b>	<b>15,624</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>						
Provisions for liabilities and charges	16	2,186	–	–	2,186	1,162
<b>Net assets excluding pension liability</b>		<b>13,281</b>	<b>714</b>	<b>778</b>	<b>14,773</b>	<b>14,462</b>
Defined benefit pension scheme liability	7	–	–	–	–	(405)
<b>Net assets including pension liability</b>		<b>13,281</b>	<b>714</b>	<b>778</b>	<b>14,773</b>	<b>14,867</b>
<b>THE FUNDS OF THE CHARITY</b>						
<i>Represented by income funds</i>						
Unrestricted fund	17	947	–	–	947	852
Restricted fund	17	–	714	–	714	1,012
<i>Represented by capital funds</i>						
Endowment funds		–	–	778	778	747
Designated fund		9,058	–	–	9,058	8,525
Donated asset reserve		–	–	–	–	–
Capital reserve		3,276	–	–	3,276	3,026
Pension reserve	7	–	–	–	–	405
<b>Total charity funds</b>		<b>13,281</b>	<b>714</b>	<b>778</b>	<b>14,773</b>	<b>14,867</b>

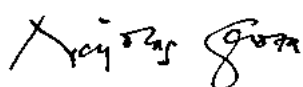
THE NOTES ON PAGES 95 TO 139 FORM PART OF THESE ACCOUNTS.

These accounts were approved by The National Council and signed on its behalf on 21 June 2023



**Dr Darren Henley CBE**  
Chief Executive

21 JUNE 2023



**Sir Nicholas Serota CH**  
Chair

21 JUNE 2023

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 £000s	2021/22 £000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>			
Funds received from the Department for Culture, Media and Sport		<b>524,307</b>	868,083
Other cash receipts		<b>22,732</b>	14,202
Grants paid to arts organisations and other bodies		<b>(519,978)</b>	(946,464)
Cash paid to and on behalf of employees		<b>(35,735)</b>	(31,680)
Other cash payments		<b>(10,606)</b>	(13,516)
<b>Net cash provided by/(used in) operating activities</b>	18	<b>(19,280)</b>	(109,375)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received on short-term cash deposits		<b>3</b>	–
Dividends received		<b>12</b>	11
Purchase of tangible fixed assets		<b>(953)</b>	(517)
Sale of tangible fixed assets		–	–
<b>Net cash provided by/(used in) investing activities</b>		<b>(938)</b>	(506)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Endowment Income/(Investments)		<b>(15)</b>	(11)
<b>Net cash provided by/(used in) financing activities</b>		<b>(15)</b>	(11)
<b>Change in cash and cash equivalents in the reporting period</b>	19	<b>(20,233)</b>	(109,892)
Cash and cash equivalents at the beginning of the reporting period		<b>78,345</b>	188,237
Change in cash and cash equivalents due to exchange rate movements		–	–
Cash and cash equivalents at the end of the reporting period		<b>58,112</b>	78,345

THE NOTES ON PAGES 95 TO 139 FORM PART OF THESE ACCOUNTS.



## NOTES TO THE GRANT-IN-AID ACCOUNTS

### 1a. BASIS OF ACCOUNTS

We have prepared these accounts in accordance with the Accounts Direction issued by the Secretary of State for Culture, Media and Sport in May 2002. The accounts are presented in accordance with the Charities SORP 2019 issued by the Charity Commission in 2019.

The accounts are prepared on a going concern basis and the historic cost basis. The Accounts Direction requires the inclusion of fixed assets at their value to the business by reference to current costs. However, for 2022/23, the value of fixed assets expressed in current cost terms are not materially different to historic costs. Therefore these fixed assets are shown at historic cost on the balance sheet.

Arts Council England no longer owns any freehold land and buildings. All of our offices are leased. The lease commitments are disclosed within Note 21 of the Grant-in-Aid accounts.

Separate accounts have been prepared for Arts Council England's Lottery distribution, in accordance with the directions issued by the Secretary of State, which follow different accounting policies. Due to the different accounting policies used in the preparation of Grant-in-Aid and Lottery accounts, in the opinion of the Trustees, it is not possible to prepare full consolidated accounts covering both Grant-in-Aid and Lottery activities as it would not provide a fair view of the application of Arts Council England's resources. In this respect, we have not been able to comply with paragraph 24.5 of the SORP issued by the Charity Commission in 2019. However, we have included a summary of the consolidated figures for our combined activities in the management commentary on page 83.

### 1b. INCOME

Grant-in-Aid from the Department for Culture, Media and Sport (DCMS) is taken to the Statement of Financial Activities in the year to which it relates. All other income is accounted for once entitlement is probable.

### 1c. EXPENDITURE

Grant expenditure is charged to the Statement of Financial Activities in the year in which the grant is offered and in which funding for the grant is received from DCMS. In most circumstances this will be the same as the year in which the funded activities take place. However, in some cases grant expenditure is recognised in the accounts where the funded activity is due to take place in future years. Any amounts unpaid from grants at the year end are shown in the balance sheet as creditors. Grant commitments made in the year relating to future years' activity as disclosed in Note 14 of the accounts are not charged to the statement of financial activities, as we cannot recognise Grant-in-Aid income to match against these commitments before we have received it. Any advance payments to funded organisations in anticipation of grants to be charged in the following financial year are shown as assets in the balance sheet.

Expenditure classified as activities undertaken directly relates to expenditure supporting the arts other than grants. This includes the cost of delivering major arts policies and projects. Support costs comprise operational expenditure, including staff costs, directly attributable to charitable activities.

Governance costs comprise an apportionment of general administration expenditure based on an estimate of staff time and direct costs such as the cost of administering National Council and external and internal audit.

## 1d. DEPRECIATION AND FIXED ASSETS

### Tangible fixed assets excluding heritage assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset systematically over its expected useful life as follows:

- leasehold buildings: life of the lease
- fixtures and fittings: five years
- motor vehicles: five years

A full year's depreciation is provided in the year of an asset's acquisition, and none in the year of its disposal. Software costs are written off in full in the year of acquisition. Except for heritage assets, all individual assets valued greater than £2,000 are capitalised. There is no *de minimis* limit for heritage assets.

### Heritage assets

Arts Council England is guardian and trustee over one collection of heritage assets which is held in furtherance of our mission to champion, develop and invest in artistic and cultural experiences that enrich people's lives. The collection is accounted for as follows:

#### Works of Art Collection

The Works of Art Collection is accounted for on the historic cost basis. The collection is treated as a non-operational heritage asset and is not held for the purpose of re-sale. The items in the collection are deemed to have indeterminate lives, so the Trustees do not consider it appropriate to charge depreciation. Additions to the collection are made by purchase or donation. Purchases are recorded at cost and donations are recorded with a nil value to represent the financial investment in the works.

## 1e. LEASES

Costs in respect of operating leases are charged to the statement of financial activities on a straight line basis over the life of the lease. Lease incentives (eg rent free periods) are recognised as an integral part of the total lease expense, over the term of the lease.

## 1f. TAXATION

Arts Council England, as a registered charity (1036733), is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

## 1g. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund. The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. As the Scheme does not monitor individual asset shares, there is no consistent reliable way of allocating the assets between employers. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102), with the costs of the scheme charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme as a defined benefit scheme in line with Charities SORP (FRS102).

All employers are legally required to enrol their staff onto a workplace pension scheme. As such we now also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension) if they choose not to join the Arts Council Retirement Plan.

### 1h. APPORTIONED COSTS

Arts Council England incurs administration costs that relate to activities funded from Grant-in-Aid and the National Lottery Distribution Fund. We are required to apportion these costs between the two areas on a full cost basis in accordance with good accounting practice.

In accordance with the Charities SORP we have apportioned administration costs between our different activities. We have recharged both pay and non-pay expenditure using staff time spent on each activity as a basis for calculating the apportionment. The notes to the statement of financial activities will show the costs apportioned to Arts Council England Lottery distribution accounts where appropriate.

### 1i. CHANGE IN ACCOUNTING POLICY

There have been no changes in accounting policy during 2022/23.

### 1j. FINANCIAL INSTRUMENTS

We have adopted Charities SORP (FRS102) on financial instruments. There has been no impact on the accounts. Further information on our financial instruments is disclosed within Note 26.

### 1k. SECURITY FOR CAPITAL GRANTS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

## 2 INCOME

### 2a. VOLUNTARY INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
<b>DONATIONS AND LEGACIES</b>					
<b>CASH GRANT-IN-AID VOTED BY PARLIAMENT AND PAID IN FULL</b>					
Core funding – revenue	<b>363,040</b>	–	–	<b>363,040</b>	350,702
Administration	<b>16,340</b>	<b>4,093</b>	–	<b>20,433</b>	22,685
Core capital	<b>954</b>	–	–	<b>954</b>	518
Ring-fenced funds	–	<b>155,809</b>	–	<b>155,809</b>	312,896
	<b>380,334</b>	<b>159,902</b>	–	<b>540,236</b>	686,801
<b>OTHER DONATIONS AND LEGACIES</b>					
Donations/bequests	–	–	–	–	18
<b>Donations and legacies income</b>	<b>380,334</b>	<b>159,902</b>	–	<b>540,236</b>	686,819



## 2b. INVESTMENT INCOME

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
<b>INVESTMENT INCOME</b>					
Bank interest received	–	–	<b>3</b>	<b>3</b>	–
Dividend income	–	–	<b>12</b>	<b>12</b>	11
<b>Investment income</b>	–	–	<b>15</b>	<b>15</b>	11

## 3. INCOME FROM CHARITABLE ACTIVITIES

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
<b>GRANTS, SPONSORSHIPS AND DONATIONS RECEIVED</b>				
Local Authorities	<b>17</b>	<b>152</b>	<b>169</b>	193
Non-government bodies	<b>1</b>	–	<b>1</b>	–
Other central Government bodies	<b>697</b>	<b>1,252</b>	<b>1,949</b>	1,186
Other grants, sponsorship and donations	–	–	–	–
Public Corporations	–	–	–	–
Sundry	<b>35</b>	<b>504</b>	<b>539</b>	359
<b>Net incoming/(outgoing) resources for the year</b>	<b>750</b>	<b>1,908</b>	<b>2,658</b>	1,738

## 4. ANALYSIS OF EXPENDITURE

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity. As a proxy for this, we use the proportion of Grant-in-Aid and Lottery payments during the year as the basis of the apportionment.

## 4a. EXPENDITURE ON CHARITABLE ACTIVITIES

	ACTIVITIES UNDERTAKEN DIRECTLY £000s	GRANT FUNDING OF ACTIVITIES £000s	NET SUPPORT COSTS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
National Portfolio Organisations	–	340,659	6,112	<b>346,771</b>	344,025
Arts Council National Lottery Project Grants	–	696	270	<b>966</b>	5,240
Development and investment funds	4,123	26,649	7,278	<b>38,050</b>	22,307
Music Education Hubs	–	76,105	1,966	<b>78,071</b>	78,276
Restricted – Other	–	74,384	8,238	<b>82,622</b>	243,571
Lapsed and revoked commitments	–	(4,032)	–	<b>(4,032)</b>	(5,583)
	<b>4,123</b>	<b>514,461</b>	<b>23,864</b>	<b>542,448</b>	687,836

National Portfolio Organisations are those organisations of strategic importance with which the Arts Council has long-term, multi-year funding agreements. Development funding and activities are those specific projects funded by grants and direct arts expenditure. They provide essential leverage for national, regional and local partnerships, and act as investment in seed funding, research and development for the arts in England.

Arts Council National Lottery Project Grants is an open-access programme offering grants of between £1,000 and £100,000 for arts, museums and libraries projects. Arts Council National Lottery Project Grants supports a broad range of projects that create new work and sustain quality to help new audiences across England to engage with arts and culture.

Music Education Hubs are groups of organisations – such as local authorities, schools, other hubs, arts organisations, community or voluntary organisations – working together to create joined-up music education provision, respond to local need and fulfil the objectives of the hub. Hubs are coordinated by the Hub Lead Organisation, which takes on responsibility for the funding and governance of the Hub. The total amount of funding from the Department for Education in 2022/23 was £78.07 million (2021/22: £78.28 million).

Other restricted funds are those specific projects delivered through funds provided by partners as detailed in notes 2a and 3. These are also disclosed in the Strategic Report on page 76.

#### 4b. ANALYSIS OF SUPPORT COSTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. Consequently, we have apportioned them accordingly, based on an assessment of time spent on each activity.

	TOTAL SUPPORT COSTS 22/23 £000s	LESS CHARGED TO LOTTERY £000s	TOTAL GRANT-IN-AID 2022/23 £000s	TOTAL GRANT-IN-AID 2021/22 £000s
Staff costs	33,575	(14,452)	<b>19,123</b>	18,327
Indirect staff costs	855	(62)	<b>793</b>	834
Premises	2,085	(1,019)	<b>1,066</b>	1,203
Supplies & Services	3,253	(1,875)	<b>1,378</b>	1,762
Travel & Subsistence	579	(251)	<b>328</b>	130
Professional Fees	1,407	(496)	<b>911</b>	1,699
Central Costs	290	(147)	<b>143</b>	391
Depreciation	468	–	<b>468</b>	598
Other recharges	–	(457)	<b>(457)</b>	(302)
IT project costs	209	(100)	<b>109</b>	272
	<b>42,721</b>	<b>(18,859)</b>	<b>23,862</b>	24,914
Corporate governance costs included above	–	–	<b>1,233</b>	717



## 4c. ANALYSIS OF GRANTS BY RECIPIENT

	GRANTS TO INSTITUTIONS £000s	GRANTS TO INDIVIDUALS £000s	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
National Portfolio Organisations	340,659	–	<b>340,659</b>	339,450
Arts Council National Lottery Project Grants	325	371	<b>696</b>	5,069
Development and investment funds	26,277	372	<b>26,649</b>	11,335
Music Education Hubs	76,105	–	<b>76,105</b>	76,256
Culture Recovery Funds	–	–	–	147,005
Restricted – Other	74,384	–	<b>74,384</b>	84,653
Lapsed and revoked commitments	(4,032)	–	<b>(4,032)</b>	(5,583)
	<b>513,718</b>	<b>743</b>	<b>514,461</b>	658,185

A detailed breakdown of all grant commitments can be found at:  
[www.artscouncil.org.uk/our-organisation/expenditure-data](http://www.artscouncil.org.uk/our-organisation/expenditure-data)

## 5a. STAFF COSTS

	TOTAL £000s	RESTRICTED £000s	LESS CHARGED TO LOTTERY £000s	TOTAL GRANT-IN-AID 2022/23 £000s	TOTAL 2021/22 £000s
<b>STAFF COSTS COMPRISE</b>					
Salaries and wages	27,658	3,327	11,431	<b>12,900</b>	10,512
Employer's National Insurance	2,676	357	1,075	<b>1,244</b>	1,100
Employer's pension contributions	4,516	612	1,802	<b>2,102</b>	1,975
Redundancy Costs	170	–	55	<b>115</b>	2
Agency staff	549	154	89	<b>306</b>	156
	<b>35,569</b>	<b>4,450</b>	<b>14,452</b>	<b>16,667</b>	13,745

Total salary costs were higher this year mainly due to a £1.9 million lump sum payment made to the Art's Council Retirement Plan pension fund to reduce the pension deficit.

The average number of full-time equivalent employees during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2022/23	2021/22
Direct delivery of programmes	10	–	<b>10</b>	12
Support & corporate governance	620	10	<b>630</b>	646
	<b>630</b>	<b>10</b>	<b>640</b>	658

The average number of employees (headcount) during the year was made up as follows:

	PERMANENT STAFF	AGENCY STAFF	2022/23	2021/22
Direct delivery of programmes	11	–	<b>11</b>	13
Support & corporate governance	671	18	<b>689</b>	707
	<b>682</b>	<b>18</b>	<b>700</b>	720

#### 5b. EMOLUMENTS BY BANDS

The number of employees whose remuneration, including redundancy pay, exceeded £60,000 for the year is detailed below. These figures do not include executive directors who are listed in the remuneration report.

EMOLUMENTS FOR THE YEAR	PENSION SCHEME			TOTAL 2022/23	TOTAL 2021/22
	DEFINED BENEFIT	DEFINED CONTRIBUTION	NO PENSION		
£60,000-£69,999	<b>15</b>	<b>2</b>	–	<b>17</b>	13
£70,000-£79,999	<b>6</b>	<b>1</b>	–	<b>7</b>	8
£80,000-£89,999	<b>11</b>	–	–	<b>11</b>	9
£90,000-£99,999	<b>2</b>	–	–	<b>2</b>	–
£110,000-£119,999	<b>2</b>	–	–	<b>2</b>	–
				<b>39</b>	<b>30</b>

## 5C COMPENSATION SCHEMES – EXIT PACKAGES

EXIT PACKAGE COST BAND	2022/23				2021/22	
	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2022/23	NUMBER OF COMPULSORY REDUNDANCIES	NUMBER OF OTHER DEPARTURES AGREED	TOTAL EXIT PACKAGES DURING 2021/22
< £9,999	1	–	1	1	–	1
£10,000-£24,999	–	–	–	–	–	–
£25,000-£49,999	3	–	3	–	–	–
£50,000-£99,999	1	–	1	–	–	–
<b>Total number of exit packages by type</b>	<b>5</b>	<b>–</b>	<b>5</b>	<b>1</b>	<b>–</b>	<b>1</b>
Total resource cost £000	170	–	<b>170</b>	8	–	<b>8</b>

## 6. COUNCIL MEMBERS' EXPENSES

It is part of Council members' duties to assess artistic work. The cost of their tickets for attendance at performance and events is met by the Arts Council. In 2022/23, the total cost of tickets purchased for this purpose was £1,002 (2021/22: £245). All our Council members are able to claim back their travel and subsistence costs. The total amount reimbursed for travel and subsistence in the year is shown in Note 8.

## 7. PENSIONS

We are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

## WESTYORKSHIRE PENSION FUND

We are an admitted member of the West Yorkshire Pension Fund. This fund provides pensions to over 294,000 members in 451 mainly local government organisations. The actuaries of the fund are Aon Hewitt. In the year ending 31 March 2023, eight Arts Council staff participated in the scheme. The scheme is a defined benefit scheme and is accounted for in accordance with Charities SORP (FRS102).

The disclosures below relate to the funded liabilities within the West Yorkshire Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS"). The funded nature of the LGPS requires Arts Council England and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

**Assumptions**

The latest actuarial valuation of Arts Council England's liabilities took place as at 31 March 2023. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS102 purposes were:

## PRINCIPAL FINANCIAL ASSUMPTIONS

	31 MARCH 2023	31 MARCH 2022	31 MARCH 2021
Discount rate	<b>4.8%</b>	<b>2.8%</b>	2.1%
CPI inflation	<b>2.7%</b>	<b>3.1%</b>	2.7%
Rate of increase to pensions in payment	<b>2.7%</b>	<b>3.1%</b>	2.7%
Rate of increase to deferred pensions	<b>2.7%</b>	<b>3.1%</b>	2.7%
Rate of general increase in salaries	<b>3.95%</b>	<b>4.35%</b>	3.95%

## ASSET ALLOCATION

	VALUE AT 31 MARCH 2023 %	VALUE AT 31 MARCH 2022 %
Equities	<b>81.3%</b>	79.8%
Property	<b>3.3%</b>	4.0%
Government bonds	<b>6.0%</b>	7.4%
Corporate bonds	<b>4.3%</b>	4.8%
Cash	<b>2.9%</b>	2.9%
Other	<b>2.2%</b>	1.1%
<b>Total</b>	<b>100%</b>	100%

## RECONCILIATION OF FUNDED STATUS TO BALANCE SHEET

	VALUE AS AT 31 MARCH 2023 £millions	VALUE AS AT 31 MARCH 2022 £millions	VALUE AS AT 31 MARCH 2021 £millions
Fair value of assets	<b>48.741</b>	48.453	45.364
Present value of funded liabilities	<b>34.272</b>	42.979	45.868
Unrecognised asset	<b>(14,469)</b>	(5.069)	
<b>Pension liability recognised on the balance sheet</b>	<b>0.000</b>	0.405	(0.504)



## AMOUNTS RECOGNISED IN INCOME STATEMENT

	PERIOD ENDING 31 MARCH 2023 £millions	PERIOD ENDING 31 MARCH 2022 £millions
<b>OPERATING COST:</b>		
Current service cost	<b>0.155</b>	0.164
Past service cost	<b>0.000</b>	0.000
<b>FINANCING COST:</b>		
Interest on net defined benefit liability/(asset)	<b>(0.176)</b>	0.009
<b>Pension expense recognised in other comprehensive income</b>	<b>(0.021)</b>	0.173

## AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	PERIOD ENDING 31 MARCH 2023 £millions	PERIOD ENDING 31 MARCH 2022 £millions
Asset gains/(losses) arising during the period	<b>(0.671)</b>	3.372
Liability gains/(losses) arising during the period	<b>8.754</b>	2.638
Adjustment in respect of paragraph 28.22 FRS102	<b>(9.101)</b>	(5.069)
<b>Total amount recognised in other comprehensive income</b>	<b>(1.018)</b>	0.941

## CHANGES TO THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2023 £millions	PERIOD ENDING 31 MARCH 2022 £millions
Opening defined benefit obligation	<b>42.979</b>	45.868
Current service cost	<b>0.155</b>	0.164
Past service cost	<b>0.000</b>	0.000
Interest expense on defined benefit obligation	<b>1.185</b>	0.949
Contributions by participants	<b>0.031</b>	0.030
Actuarial (gains)/losses on liabilities	<b>(8.754)</b>	(2.638)
Net benefits paid out	<b>(1.324)</b>	(1.394)
<b>Closing defined benefit obligation</b>	<b>34.272</b>	42.979

## CHANGES TO THE FAIR VALUE OF ASSETS DURING THE ACCOUNTING PERIOD

	PERIOD ENDING 31 MARCH 2023 £millions	PERIOD ENDING 31 MARCH 2022 £millions
Opening fair value of assets	<b>48.453</b>	45.364
Interest income on assets	<b>1.361</b>	0.940
Remeasurement gains/(losses) on assets	<b>0.075</b>	3.372
Contributions by the employer	<b>0.145</b>	0.141
Contributions by participants	<b>0.031</b>	0.030
Net benefits paid out*	<b>(1.324)</b>	(1.394)
Net increase in assets from disposals/acquisitions	<b>0.000</b>	0.000
<b>Closing fair value of assets</b>	<b>48.741</b>	48.453

\* CONSISTS OF NET BENEFITS CASH FLOW OUT OF THE FUND IN RESPECT OF THE EMPLOYER, INCLUDING AN APPROXIMATE ALLOWANCE FOR THE EXPECTED COST OF DEATH IN SERVICE LUMP SUMS.

## ACTUAL RETURN ON ASSETS

	PERIOD ENDING 31 MARCH 2023 £millions	PERIOD ENDING 31 MARCH 2022 £millions
Interest income of assets	<b>1.361</b>	0.940
Gain/(loss) on assets	<b>(0.671)</b>	<b>3.372</b>
<b>Total amount recognised in other comprehensive income</b>	<b>0.690</b>	4.312

The 2022 valuation results included the transferred liabilities for 49 active members who transferred from the former Arts Boards in 2002. At the beginning of the year transfer payments were still outstanding from Surrey for their 11 transferred members. Discussions with Surrey Pension Fund regarding this payment are ongoing.

Amounts due to the West Yorkshire Pension Fund at 31 March 2023 were £16,013 (31 March 2022: £14,310).

### ARTS COUNCIL RETIREMENT PLAN (1994)

The scheme is a defined benefit scheme. Other employers contributing to the scheme are the Arts Council of Wales, Creative Scotland, the Crafts Council and Tŷ Cerdd – Music Centre Wales. Because it is a multi-employer scheme, we are unable to identify our share of the underlying assets and liabilities. Consequently, we have accounted for the scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102). The actuaries of the fund are Hyman Robertson.

The scheme is financed by payments made by Arts Council England and employees, together with those by the other employers and their employees, into a trustee-administered fund independent of Arts Council England's finances. These contributions are invested by leading fund management companies. The net market value of the scheme's assets at 31 March 2023 was £206.5 million (2022: £230.6 million).

An actuarial valuation of the pension fund takes place at least every three years. At the last valuation on 31 March 2022, the actuarial value of the assets using the projected unit method was sufficient to cover 93 per cent of the value accrued to members, a deficit of £18,300,000. On the advice of the actuary, with effect from 1 April 2023, we are paying employer's contributions of 18.8 per cent of pensionable salary for Arts Council England employees and 25.4 per cent of pensionable salary for employees who transferred to Arts Council England from Museums, Libraries and Archives.

The main long-term assumptions used for the actuarial valuation were as follows:

Consumer prices inflation rate	Bank of England RPI curve, less 1.0% p.a. prior to February 2030 and less 0.1% p.a. from February 2030
Long-term rate of pay increases	In line with CPI inflation
Rate of pension increases	In line with CPI inflation
Discount rate (past service)	Bank of England gilt yield curve, plus 1.5% pa
Discount rate (future service)	Bank of England gilt yield curve, plus 2.5% pa

Arts Council England is a participating employer in the Arts Council Retirement Plan (1994) together with four other separate organisations. There is no legal separation of the Plan's assets or liabilities and as such there is a certain amount of inevitable cross subsidy between participating employers depending on the experience of their own members. Under the Plan's rules there is also no requirement or discretion to segregate the assets of the scheme in the event of the cessation of a participating employer. As such it is a "last man standing" arrangement and the remaining employers would become liable for meeting the pension obligations of other participating employers who cease participation.

Amounts due to the fund at 31 March 2023 were £482,928 (31 March 2022: £469,822).

## THE PEOPLE'S PENSION

If employees do not wish to become members of either of the two Defined Benefit schemes mentioned above, Arts Council England gives people the option of paying into The People's Pension. This is a Stakeholder Defined Contribution Pension Scheme operated by B&CE and new employees who choose not to join the Arts Council Retirement Plan are automatically enrolled into this scheme instead, in line with the Government's workplace pension legislation. Amounts due to The People's Pension as at 31 March 2023 were £11,985 (2021:22 £12,825)

The Arts Council Retirement Plan and The People's Pension are both treated as defined contribution schemes for the purposes of the accounts. Payments to both schemes are charged to the Statement of Financial Activities as and when they fall due. Employer contributions into the Arts Council Retirement Plan during 2022/23 were £6,178,661 (including a lump-sum deficit reduction payment of £1,915,000 (2021/22: £4,078,935)). Employer contributions to The People's Pension were £105,348 (2021/22: £96,587).

Employer contributions made to the West Yorkshire Pension Fund during 2022/23 were £144,460 (2021:22 £141,342)

## 8. NET EXPENDITURE FOR THE YEAR

Total income of £476,205 (2021/22: £785,999) is stated after charging:

	TOTAL 2022/23 £000s	TOTAL 2021/22 £000s
Auditors' remuneration	<b>78</b>	83
Operating leases	<b>2,031</b>	2,354
Council members' travel, subsistence and hospitality for the 15 serving members during the year	<b>7</b>	6
Insurance: trustees' and senior officers' indemnity	<b>20</b>	14
Depreciation	<b>468</b>	598
Impairment	–	–

NO FEES WERE PAID TO OUR AUDITORS FOR NON-AUDIT SERVICES. AUDIT FEES ARE INCLUSIVE OF VAT.

## 9. LEGACY BEQUESTS

Arts Council England is the beneficiary of two legacies: the Compton Poetry Fund and the Thornton Fund. The Compton Poetry Fund bequest was made in 1964 and the Thornton Fund bequest was made in 1950. Both legacies consist of a mixture of stocks/shares and cash. The Compton Poetry Fund consists of £395,000 in shares and £61,000 cash, and the Thornton fund consists of £71,000 in shares and £69,000 cash. Both legacies were incorporated into Arts Council England's

accounts during 2013/14. The values of the stocks and cash are disclosed on the balance sheet and the dividends received during the year disclosed within Note 2b (investment income).

During 2019/20, the Arts Council received a bequest from the Estate of Eileen McCann. The value of this is currently £118,000 and consists entirely of cash. There are three other legacies with a total value of £64,000.



	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Opening balance – 1 April 2022	430	137	117	64	<b>748</b>
Income received in-year	9	4	1	–	<b>14</b>
Gains/(losses) on investments	17	(1)	–	–	<b>16</b>
Expenditure	–	–	–	–	<b>–</b>
<b>Closing balance – 31 March 2023</b>	<b>456</b>	<b>140</b>	<b>118</b>	<b>64</b>	<b>778</b>

REPRESENTED BY:	COMPTON POETRY FUND £000s	THORNTON FUND £000s	MCCANN FUND £000s	OTHER LEGACIES £000s	TOTAL £000s
Cash	61	69	118	64	<b>312</b>
Investments	395	71	–	–	<b>466</b>
<b>Closing balance – 31 March 2023</b>	<b>456</b>	<b>140</b>	<b>118</b>	<b>64</b>	<b>778</b>

## 10. HERITAGE ASSETS AND TANGIBLE FIXED ASSETS

	LEASEHOLD IMPROVEMENTS £000s	EQUIPMENT, FIXTURES AND FITTINGS £000s	TOTAL TANGIBLE ASSETS £000s	HERITAGE ASSETS: WORKS OF ART	TOTAL FIXED ASSETS £000s
Cost or valuation at 1 April 2022	9,957	4,630	<b>14,587</b>	8,825	<b>23,412</b>
Additions	534	186	<b>720</b>	233	<b>953</b>
Revaluations	–	–	–	–	–
Less: disposals	(1,676)	(2)	<b>(1,678)</b>	–	<b>(1,678)</b>
<b>Cost or valuation at 31 March 2023</b>	<b>8,815</b>	<b>4,814</b>	<b>13,629</b>	<b>9,058</b>	<b>22,687</b>
Depreciation at 1 April 2022	7,276	4,284	<b>11,560</b>	–	<b>11,560</b>
Less depreciation on disposals	(1,676)	–	<b>(1,676)</b>	–	<b>(1,676)</b>
Impairment	–	–	–	–	–
Provided for 2022/23	236	233	<b>469</b>	–	<b>469</b>
<b>Depreciation at 31 March 2023</b>	<b>5,836</b>	<b>4,517</b>	<b>10,353</b>	–	<b>10,353</b>
<b>Net book value at 31 March 2023</b>	<b>2,979</b>	<b>297</b>	<b>3,276</b>	<b>9,058</b>	<b>12,334</b>
<b>Net book value at 31 March 2022</b>	<b>2,680</b>	<b>345</b>	<b>3,025</b>	<b>8,825</b>	<b>11,850</b>

## WORKS OF ART – ARTS COUNCIL COLLECTION

Unlike our other fixed assets there is no de minimis capitalisation threshold for Works of Art. All Works of Art are capitalised, even if they are valued at under £2,000.

The Works of Art Council Collection has been built up since 1946 and consists of 8,141 items on 31 March 2023. The purpose of the collection is to broaden the appreciation and public awareness of modern and contemporary British Art and to encourage good practice relating to painting, sculpture, photography, drawing, printmaking, mixed and new media, film and video. The Collection is based in London and at Longside in Yorkshire (located at the Yorkshire Sculpture Park). The Collection is managed on behalf of Arts Council England by the Southbank Centre.

### Valuation

The Arts Council Collection is held on the historic cost basis.

Any works selected for exhibition or loan or for the Arts Council Collection's touring exhibitions are valued when they go out on loan as this provides the valuation for insurance requirements. A register of works is maintained by the Curator of the Arts Council Collection which is amended to reflect acquisitions and items removed from the register, such as pieces damaged beyond repair, throughout the year and records the year end valuation figure. The register supports the entries in the Arts Council's annual accounts and this is provided to the auditors for review.

### Acquisition and disposal policy

The Arts Council Collection purchases innovative work by artists living in Britain with a focus on the work of younger and emerging artists. Acquisitions are made through the Acquisitions Committee comprising six individuals who are the Director, Arts Council Collection, Director of Visual Arts, Arts Council England, Director, Hayward Gallery, plus external advisers who are usually an artist, a writer and a curator. The committee is currently chaired by a member of the Arts Council's National Council. The external

advisors to the committee are appointed for a fixed two-year tenure. Additionally, a representative from each of the Arts Council Collection's National Partner galleries sits for one year on a rotating basis. Artists may apply to have their work considered for acquisition. Otherwise works are acquired through the recommendations of the committee members. To be eligible, artists must live in Britain (or their work must demonstrate a relevance to British contemporary art practice), cannot be students, and have to be able to demonstrate their commitment over several years by providing information about the exhibitions of their work that have taken place and are planned. The acquisitions are funded from an allocation within the Arts Council England budget.

Any offers of gifts to the Arts Council Collection are brought to the attention of the Acquisitions Committee which decides on their suitability. The procedure for the loss or destruction of works of art is implemented if an item is irretrievably lost or damaged beyond repair. This requires the Director of the Arts Council Collection to report details to the Director of the Hayward Gallery (in cases of vandalism or theft), and the Director, Visual Arts, of Arts Council England who then seeks approval from the Arts Council England National Council to write off the item. The write off in accounting records is implemented by the Director of Finance of Arts Council England who takes into account any insurance claims. Funds claimed in this way are paid into the Arts Council Collection acquisition allocation and earmarked to replace the lost items depending on the advice of the current purchasers. If it is not possible to replace a work because the artist is deceased, there are no suitable replacements or equivalent works have become too expensive, the funds are transferred into the acquisition fund.

### Preservation

The condition of the works is checked on receipt, before going out on loan and on return from loan. Master condition files are maintained and kept at Winchester House and Longside (for sculpture) and copies of the

latest version are made when loans go out. Normally, required restoration is carried out by fully accredited conservators, either at their studios or at Longside or Winchester House. Any unfitting of frames or restoration carried out away from Winchester House or Longside must be authorised by the Director of the Arts Council Collection or a Collection Curator. Artists are consulted and involved in restoration when possible and practical. Each year a number of works on paper, photographs, paintings and sculpture are conserved as a matter of course. All conservation is reported annually to the Arts Council England National Council in the form of the Collection's annual report on activities.

### **Collection management**

The Director of the Arts Council Collection reports to the Director of the Hayward Gallery on day-to-day matters and is responsible to the Director, Visual Arts, at Arts Council England on policy. Arts Council Collection staff salaries are paid by the Southbank Centre from the management grant from Arts Council England to the Southbank Centre. A ring-fenced fund within the Southbank Centre and Arts Council England covers the operational costs of the Arts Council Collection's activities.

### **Access**

The Arts Council Collection was established in 1946 by CEMA (the Council for the Encouragement of Music and the Arts). Formed around a small group of paintings, it began with the goal of establishing a national collection for the UK. Today it is the most widely circulated national loan collection of modern and contemporary British art in the world.

The Arts Council Collection continues to build and preserve the British public's art collection for its use and enjoyment. Access to the national collection is achieved through working in collaboration on its broad range of work that includes an extensive lending programme of artwork across the UK and abroad, Arts Council Collection exhibitions, learning and engagement, and research and scholarship. Work is loaned to museums and galleries, and public institutions such as universities, libraries, hospitals and

schools. Marketing and communication increases visibility and accessibility through the Collection's website and social media such as Twitter, Instagram and Facebook.

### **PARTNERSHIPS**

The National Partners Programme, launched in 2016, is a three-year programme which allows three galleries in England to curate exhibitions drawn directly from the Arts Council Collection. Some of these exhibitions will be organised between the partners to encourage collaborative working and sharing of resources. The National Partners Programme is supported by outreach and digital activities with the specific aims of engaging children and young people, Black and minority ethnic people, people from lower socio-economic backgrounds and the over-75s. The four regional partners for 2016-19 were Birmingham Museums Trust, The Towner Eastbourne, Walker Art Gallery Liverpool, and existing partner Yorkshire Sculpture Park. The partners for 2019-22 are Firstsite Colchester, Newlyn Art Gallery, Penzance and Sunderland Culture.

The Arts Council Collection collaborates with University of the Arts London's Decolonising the Art Institute in understanding legacies embedded in collections through: collection languages, narratives, acquisition histories and questions of care; the collections curatorial research programme; and the proposed AHRC-funded project, Transforming Collections: Re-Imaging Art, Nation and Heritage.

The Arts Council Works of Art Collection heritage assets are reported at valuation in the table below:

	2022/23 £000s	2021/22 RESTATED £000s	2020/21 RESTATED £000s	2019/20 RESTATED £000s	2018/19 RESTATED £000s
Cost or valuation at 1 April	<b>8,825</b>	8,525	8,179	7,941	7,668
Additions	<b>233</b>	300	346	238	301
Donations	–	–	–	–	–
Revaluations	–	–	–	–	–
Less: impairment	–	–	–	–	–
Less: disposal	–	–	–	–	(28)
<b>Cost or valuation at 31 March</b>	<b>9,058</b>	8,825	8,525	8,179	7,941

## 11. COSTS APPORTIONED TO ARTS COUNCIL ENGLAND LOTTERY DISTRIBUTION ACCOUNTS

Directions issued by the Secretary of State require that costs incurred which relate to both Grant-in-Aid and Lottery activities should be apportioned between the two in accordance with good accounting practice. We have recharged both pay and non-pay expenditure between Grant-in-Aid and Lottery using staff time as a basis for calculating the apportionment. As at 31st March 2023, £5,195,200 was owed by Lottery to Grant-in-Aid (2021/22: £7,329,267).

## 12. DEBTORS

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Trade debtors	<b>1,631</b>	115
DCMS debtors	<b>118,582</b>	102,653
Other debtors	<b>133</b>	586
Prepayments and accrued income	<b>891</b>	1,034
	<b>121,237</b>	104,388

## 13. GRANTS PAID IN ADVANCE

The Arts Council permits organisations to draw down cash from a future year's funding agreement to cover short-term cash flow requirements. No payments in advance were made during 2022/23 (2021/22: £0).





#### 14. GRANT OFFERS – FUTURE YEARS

The Arts Council has entered into four-year funding agreements with 829 National Portfolio Organisations commencing in 2023/24. Commitments are recognised for each year, with the funding agreements making clear that continued funding is dependent on Grant-in-Aid being available to Arts Council England in those future years and that the organisation continues to deliver its agreed programme of activity as set out in the funding agreement. Forward funding at 31 March 2023 mainly represents allocations for National Portfolio Organisations and Music Education Hubs and the figures disclosed are the cash value; they have not been discounted to present value.

FORWARD FUNDING:	31 MARCH 2023 £000s	31 MARCH 2022 £000s
2022/23	–	431,499
2023/24	<b>394,031</b>	–
2024/25	<b>353,735</b>	–
2025/26	<b>343,732</b>	–
	<b>1,091,498</b>	431,499

#### 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

FORWARD FUNDING:	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Trade creditors	<b>2,656</b>	3,264
Other creditors including taxes and social security	<b>200</b>	236
Accruals	<b>1,570</b>	1,901
Deferred income	<b>1,172</b>	1,020
	<b>5,598</b>	6,421



## 16. PROVISIONS FOR LIABILITIES AND CHARGES

	DILAPIDATIONS £000s	TAX £000s	PENSION DEFICIT £000s	TOTAL £000s
At 31 March 2022	1,155	7	–	<b>1,162</b>
Arising during the year	69	–	1,151	<b>1,220</b>
Used during the year	(192)	(4)	–	<b>(196)</b>
Reversed unused	–	–	–	–
<b>At 31 March 2023</b>	<b>1,032</b>	<b>3</b>	<b>1,151</b>	<b>2,186</b>
<b>EXPECTED TIMING OF CASH FLOWS</b>				
Provisions due within one year	308	3	–	<b>311</b>
Provisions due in more than one year	724	–	1,151	<b>1,875</b>

## DESCRIPTION OF PROVISIONS

**a) Dilapidations**

Provision for dilapidations for leased premises (to cover the costs of any necessary reinstatement and repairs to the property at the termination of the lease).

**b) Tax**

Provision for payroll taxes owed to HMRC for any expenses and benefits paid to employees where tax has not been deducted at source.

**c) Pensions deficit**

Provision for deficit payments owed to the Art's Council Retirement Plan defined benefit pension scheme to cover liabilities arising from past service cost.

## 17. RECONCILIATION OF MOVEMENT IN FUNDS

	AT 31 MARCH 2022 £000s	INCOME £000s	EXPENDITURE £000s	GAINS AND LOSSES £000s	TRANSFERS £000s	AT 31 MARCH 2023 £000s
<b>Endowment funds</b>	747	15	–	16	–	778
<b>Restricted funds</b>	1,012	161,810	(162,108)	–	–	714
<b>Unrestricted income funds</b>	852	398,990	(398,731)	(166)	2	947
<b>CAPITAL FUNDS</b>						
Designated funds	8,825	233	–	–	–	9,058
Donated asset reserve	–	–	–	–	–	–
Capital reserve	3,026	720	(468)	–	(2)	3,276
<b>Pension reserve</b>	405	–	–	(405)	–	–
	14,867	561,768	(561,307)	(555)	–	14,773

## DESCRIPTION OF FUNDS

**Endowment funds**

Arts Council England is the beneficiary of various legacies including the Compton Poetry Fund, the McCann Fund, and the Thornton Fund.

**Restricted funds**

The Arts Council receives specific ring-fenced Grant-in-Aid as well as grants, sponsorship and donations from various other sources for specific activities. Any such income and associated expenditure is identified separately.

**Unrestricted income funds**

Grant-in-Aid is received from the Department for Culture, Media and Sport (DCMS). This is the Arts Council's main source of income and is supplemented by other income. This fund is applied to grants expenditure and the running costs of the Arts Council. Use of these funds in subsequent years is restricted by the Government's budgetary controls.

**Capital funds****a) Designated funds**

This fund relates to capital expenditure on works of art allocated from the unrestricted fund.

**b) Revaluation reserve**

This fund shows the difference between the original purchase cost (which is shown within Designated Funds above) and the current market value of the Arts Council Collection.

**c) Donated asset reserve**

This fund relates mainly to donations received by the Arts Council for obtaining Works of Art for our Collection.

**d) Capital reserve**

The capital reserve represents the balance of tangible assets.

**e) Pension reserve**

The pension reserve reflects the movements in the West Yorkshire Pension Fund defined benefit scheme.



## 18. CASH FLOW RECONCILIATION

RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2022/23 £000s	2021/22 £000s
Net income/(expenditure)	<b>477</b>	8,841
Interest receivable	<b>(3)</b>	–
(Profit)/Loss on disposal of Fixed Assets	<b>2</b>	–
Dividends received	<b>(12)</b>	(11)
Depreciation and impairment charges	<b>468</b>	598
(Gains)/losses on investments	<b>(15)</b>	(53)
Decrease/(increase) in debtors and prepayments	<b>(14,715)</b>	169,766
Decrease/(Increase) in grants paid in advance	–	1,128
Increase/(decrease) in grants outstanding	<b>(5,517)</b>	(289,405)
(Decrease)/Increase in creditors	<b>(822)</b>	(365)
(Decrease)/Increase in provisions	<b>1,024</b>	95
<b>(Decrease)/Increase in defined benefit liability</b>	<b>(167)</b>	32
<b>Net cash provided by/(used in) operating activities</b>	<b>(19,280)</b>	(109,374)

## 19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH

	2022/23 £000s	2021/22 £000s
(Decrease)/increase in cash and cash equivalents in the year	<b>(20,233)</b>	(109,890)
Cash at 1 April 2022	<b>78,345</b>	188,236
<b>Cash at 31 March 2023</b>	<b>58,112</b>	78,346

## 20. ANALYSIS OF NET CASH

	1 APRIL 2022 £000s	CASH FLOW £000s	31 MARCH 2023 £000s
Cash at bank	78,345	(20,233)	<b>58,112</b>

## 21. LEASES

At 31 March 2023, the Arts Council had annual commitments under non-cancellable operating leases as set out below.

LAND AND BUILDINGS OPERATING LEASES WHICH EXPIRE:	31 MARCH 2023 £000s	31 MARCH 2022 £000s
within one year	<b>1,511</b>	1,810
within two and five years inclusive	<b>2,537</b>	3,345
over five years	–	326
	<b>4,048</b>	5,481

THE LEASES RELATE PRIMARILY TO THE NINE OFFICES THAT ARE OCCUPIED BY ARTS COUNCIL ENGLAND.

## 22. SOUTHBANK CENTRE LEASE

The Arts Council owns the freeholds of the National Film Theatre, the Museum of the Moving Image, the Hayward Gallery, the Queen Elizabeth Hall, the Purcell Room and the Royal Festival Hall, which are leased to the Southbank Centre. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

## 23. ROYAL NATIONAL THEATRE LEASE

The Arts Council owns the freehold of the Royal National Theatre, which is leased to and occupied by the Royal National Theatre Board Limited. Since the lease is long term and we derive no income from the freeholding, the value of the asset is immaterial and has therefore not been included in these accounts.

## 24. CAPITAL COMMITMENTS

As at 31 March 2023, the total value of capital commitments was £nil (2021/22: £nil).



## 25. LOSSES AND SPECIAL PAYMENTS

Losses can be cash losses, losses arising from theft, or fruitless payments. Special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments or ex-gratia payments. No losses were incurred and no special payments were made during 2022/23.

	2022/23 £000s	2021/22 £000s
Total value of losses and special payments	–	3
Total number of losses and special payments	–	2

## 26. FINANCIAL INSTRUMENTS

FRS102 has a concept of basic financial instruments (such as cash, trade debtors, trade creditors) and other financial instruments (such as interest rate swaps and forward foreign currency contracts). All Arts Council England's financial instruments are categorised as basic. As the cash requirements of the Arts Council are met largely through Grant-in-Aid received from the Department for Culture, Media and Sport (99.51 per cent) (2021/22: 99.75 per cent), financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Arts Council's expected purchase and usages requirements, or the issue of grants (96.64 per cent) (2021/22: 97.72 per cent). This means the Arts Council is exposed to little credit, liquidity or market risk.

Arts Council England is the beneficiary of several legacies including the Compton Poetry Fund, the Thornton Fund, and the McCann Fund. The total value of all legacies is £778,000 and is held in a mixture of cash and stock market investments. Details of all legacies are disclosed in Note 9.

### 26a. LIQUIDITY RISK

The Arts Council signed a new management agreement with the Department for Culture, Media and Sport (DCMS) in 2018.

In the past 12 months, 0.49% of funding was received from sources other than DCMS and 0.00% was generated from cash balances. This means that 99.51% of funding is sourced through cash drawn down and agreed monthly with the DCMS, based on the predicted need for the month ahead.

### 26b. INTEREST RATE RISK

As an Arms-Length Body of the Department for Culture, Media and Sport, our bank accounts are with the Government Banking Service, which is operated by RBS NatWest. This means that surplus daily cash balances are offset against overall Government debt by HM Treasury, thereby reducing the amount of interest which is paid by the Government. However, this means that no credit interest is received by Arts Council England.

### 26c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

## 26d. FINANCIAL ASSETS BY CATEGORY

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
DCMS debtor	<b>118,582</b>	102,653
Trade debtors	<b>1,631</b>	115
Other debtors	<b>133</b>	586
Accrued income	<b>891</b>	1,034
Due from Arts Council Lottery accounts	<b>5,195</b>	7,329
Cash at bank and in hand	<b>58,112</b>	78,345
	<b>184,544</b>	190,062

In our view the book value of the assets is the same as the fair value.

## 26e. FINANCIAL LIABILITIES BY CATEGORY

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Grants outstanding	<b>175,099</b>	180,615
Trade creditors	<b>2,656</b>	3,264
Other creditors including taxes and social security	<b>200</b>	236
Accruals	<b>1,570</b>	1,901
Deferred income	<b>1,172</b>	1,020
	<b>180,697</b>	187,036

## 27. RELATED PARTIES

## 27a. COUNCIL MEMBERS

We maintain publicly available registers in which council members declare their interests, including any direct interests, in grant

applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.



COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	644	289	–	Britten Sinfonia	Family Member is Board Member
Abigail Pogson	3,841	250	–	North Music Trust	Managing Director
Andrew Miller MBE	60	69	–	Arts Council of Wales	Board Member and UK Arts Access Champion (Consultant)
	12	–	3	British Film Institute	Chair, Disability Screen Advisory Group (Consultant)
	1	6	–	Cabinet Office	Appointed UK Disability Champion, Arts & Culture
	1,615	42	–	Coventry City of Culture Trust	Advisor/Consultant
	–	–	125	Department for Work and Pensions	Appointed UK Disability Champion Arts & Culture
	194	–	–	Foundation for Community Dance t/a People Dancing	Advisor/Consultant
	575	–	–	Graeae Theatre Company Ltd	Advisor/Consultant
	124	90	–	Local Government Association (LGA)	Advisor/Consultant
	1,380	230	–	Nottingham Playhouse Trust Limited	Family Member is Employee
	15,260	–	–	Royal Shakespeare Company	Trustee and Governor
	294	–	–	Shape Arts	Advisor/Consultant
	102	–	–	Tete a Tete	Advisor/Consultant
	868	–	–	The Artangel Trust	Advisor/Consultant
	949	132	–	The Audience Agency	Advisor/Consultant
	159	9	–	The Space	Board Member and Advisor/Consultant
1,341	113	–	University of Oxford	Advisor/Consultant	
268	99	–	Unlimited	Advisor/Consultant	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
David Bryan CBE	707	–	–	Battersea Arts Centre	Chair of organisation
	1,069	850	–	Creative Lives Charity Limited	Chair of organisation
	484	–	–	Ovalhouse Theatre Ltd	Chair of organisation
Elisabeth Murdoch CBE	217	2	–	a-n The Artists Information Company	Freelands Foundation Organisation, of which Elisabeth is Founder and Chair
	413	25	–	Artcore	Freelands Foundation Organisation
	60	69	–	Arts Council of Wales	Freelands Foundation Organisation
	3,038	253	–	Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	1	–	–	Bath Spa University	Freelands Foundation Organisation
	150	150	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	937	–	–	Camden Arts Centre	Freelands Foundation Organisation
	81	–	–	Counterpoints Arts	Freelands Foundation Organisation
	153	–	–	Create London	Freelands Foundation Organisation
	114	–	–	Cubitt Artists Ltd	Freelands Foundation Organisation
	814	300	–	Donmar Warehouse Projects Ltd	Board Member
	2,354	196	69	English Stage Company Limited	Freelands Foundation Organisation
	1,526	697	–	Firstsite Ltd	Freelands Foundation Organisation
	190	–	–	Focal Point Gallery	Freelands Foundation Organisation
	102	–	–	Hastings Contemporary	Freelands Foundation Organisation
	62	6	–	Hastings Museum and Art Gallery	Freelands Foundation Organisation
1,030	1	–	Ikon Gallery	Freelands Foundation Organisation	
233	–	–	Institute of International Visual Arts	Freelands Foundation Organisation	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	613	–	–	John Hansard Gallery	Freelands Foundation Organisation
	296	–	–	Kettle's Yard	Freelands Foundation Organisation
	1,619	1,571	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	10	–	3	Manchester Metropolitan University	Freelands Foundation Organisation
	390	–	–	MK Gallery	Freelands Foundation Organisation
	909	–	–	Modern Art Oxford	Freelands Foundation Organisation
	16	1	–	National Art Collections Fund	Freelands Foundation Organisation
	–	46	–	Nesta Arts & Culture LLP	Freelands Foundation Organisation
	869	–	–	New Art Exchange Ltd	Freelands Foundation Organisation
	1,024	–	–	Nottingham Contemporary	Freelands Foundation Organisation
	111	93	–	Nottingham Trent University	Freelands Foundation Organisation
	92	–	–	Open School East	Freelands Foundation Organisation
	66	41	–	Primary	Freelands Foundation Organisation
	46	307	–	Rosetta Art Centre CIO	Freelands Foundation Organisation
	342	13	–	Serendipity	Freelands Foundation Organisation
	815	–	–	Sheffield Museums Trust	Freelands Foundation Organisation
	320	–	–	Site Gallery	Freelands Foundation Organisation
	826	–	–	South London Gallery	Freelands Foundation Organisation
	51	–	–	Tannery Arts Limited	Freelands Foundation Organisation
	868	–	–	The Artangel Trust	Freelands Foundation Organisation
923	–	–	The Hepworth Wakefield	Freelands Foundation Organisation	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	233	233	–	The Public Catalogue Foundation	Freelands Foundation Organisation
	871	505	–	Towner Art Gallery & Museum	Freelands Foundation Organisation
	290	–	–	Triangle Arts Trust	Freelands Foundation Organisation
	682	–	–	Turner Contemporary	Freelands Foundation Organisation
	241	42	–	University of the Arts London	Freelands Foundation Organisation
	465	–	–	Wysing Arts Centre	Freelands Foundation Organisation
	1,511	111	–	Yorkshire Sculpture Park	Freelands Foundation Organisation
Helen Birchenough	1,301	–	–	Wiltshire Creative	Board Member
Jamie Njoku-Goodwin	1,429	–	–	Britten Pears Arts	Trustee
	12,608	–	–	English National Opera	Advisory Board Member
	1,659	–	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra, of which Jamie is Board Director, is the orchestra for Glyndebourne
	2,080	173	–	London Philharmonic Orchestra	Board Director
Kate Willard OBE	–	–	540,236	Department for Culture, Media and Sport	Board Member
Paul Roberts OBE	44	–	–	Department for Education	Group member
	–	56	–	Durham University	Commissioner
	1,024	–	–	Nottingham Contemporary	Board Member
	718	213	–	Nottingham Music Service	Board Member



COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Professor Roni Brown	244	–	–	Cement Fields	Affiliated through employer
	1,827	–	–	Contemporary Dance Trust	Affiliated through employer
	–	4	–	Farnham Maltings Association Ltd	Family member is Director
	233	–	–	Institute of International Visual Arts	Affiliated through employer
	682	–	–	Turner Contemporary	Affiliated through employer
	241	42	–	University of the Arts London	Employee
	175	175	–	Whitstable Community Museum and Gallery	Affiliated through employer
Sukhy Johal MBE	20	2	–	The University of Lincoln	Employee
	82	–	–	Threshold Studios	Family member is employee
YolanDa Brown OBE	1	–	–	BPI (British Recorded Music Industry) Limited	Chair of organisation
	1,659	–	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra is resident orchestra
	2,080	173	–	London Philharmonic Orchestra	Advisory Board Member
	20,177	1,591	–	Southbank Centre	Advisory Board Member
	31	3	–	The National Foundation for Youth Music	Chair of organisation

The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	151	35	–	A New Direction London Limited	Tate Exchange organisation
	1,120	725	–	Arvon Foundation	Tate Exchange organisation
	447	36	–	CAST (Cornubian Arts and Science Trust)	Partner is Chair of the Trust
	123	–	–	Intoart	Tate Exchange organisation
	–	1	–	Ligeti Quartet	Niece is manager
	41	–	–	NMC Recordings Ltd.	Sister is trustee
	685	48	–	Studio Wayne McGregor Ltd	Tate Exchange organisation
Andrew Miller MBE	143	74	–	Arts Council of Wales	Board member
	1,565	600	–	Coventry City of Culture Trust	Advisor/consultant
	2	–	26	Department for Work and Pensions	Ongoing. UK Government Disability Champion for Arts & Culture
	2	–	–	Cabinet Office	See above. Office for Disability Issues moved from the Department of Work and Pensions to the Cabinet Office.
	575	–	–	Graeae Theatre Company Ltd	Advisor/consultant
	–	8	–	Jerwood Charitable Foundation	Advisor/consultant
	15,260	–	–	Royal Shakespeare Company	Other/Governor
	382	40	–	Screen South	Advisor/consultant
	102	–	–	Tete a Tete	Advisor/consultant
	868	–	–	The Artangel Trust	Advisor/consultant
	25	27	–	The Clore Leadership Programme	Other/Conference Panellist
	–	5	–	TheSpace C.I.C.	Board member
	8	–	–	The Stage Media Company Ltd	Other/Conference Panellist
–	28	–	Warwick District Council Arts Section	Other/Conference Panellist	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Catherine Mallyon CBE	–	144	–	City of Birmingham Symphony orchestra	Partner is a board member
	100	30	–	Creative Industries Federation	Board Member
	30	–	–	Orchestra of the Swan	Advisory Council Member
	15,260	–	–	Royal Shakespeare Company	Executive Director (remunerated) and Board Member
	271	5	–	Shakespeare Birthplace Trust	Advisory Council member
Ciara Eastell OBE	175	–	–	Libraries Unlimited South West	Trustee and CEO (remunerated)
David Joseph CBE	181	–	–	Julie's Bicycle	Director/Trustee
Elisabeth Murdoch CBE	432	22	–	a-n The Artists Information Company	Freelands Foundation Organisation
	143	74	–	Arts Council of Wales	Freelands Foundation Organisation
	3,097	–	–	Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	957	–	–	Camden Arts Centre	Freelands Foundation Organisation
	447	36	–	CAST (Cornubian Arts and Science Trust)	Teresa Gleadowe, the founder of this organisation, sits on the advisory board of Freelands Foundation
	153	–	–	Create London	Freelands Foundation Organisation
	830	0	–	Firstsite Ltd	Freelands Foundation Organisation
	190	–	–	Focal Point Gallery	Freelands Foundation Organisation
	340	71	–	Hastings Contemporary	Freelands Foundation Organisation
	1,028	50	–	Ikon Gallery	Freelands Foundation Organisation
	233	–	–	Institute of International Visual Arts	Freelands Foundation Organisation
	613	–	–	John Hansard Gallery	Freelands Foundation Organisation
	296	–	–	Kettle's Yard	Freelands Foundation Organisation
2,272	653	–	Leeds Museums and Galleries	Freelands Foundation Organisation	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	390	7	–	MK Gallery	Freelands Foundation Organisation
	909	14	–	Modern Art Oxford	Freelands Foundation Organisation
	–	1	–	National Art Collections Fund	Freelands Foundation Organisation
	20	56	–	Nesta	Freelands Foundation Organisation
	879	1	–	New Art Exchange Ltd	Freelands Foundation Organisation
	1,024	15	–	Nottingham Contemporary	Freelands Foundation Organisation
	94	–	–	Open School East	Freelands Foundation Organisation
	1,616	94	–	Sheffield Galleries & Museums Trust	Freelands Foundation Organisation
	320	–	–	Site Gallery	Freelands Foundation Organisation
	–	125	–	Somerset House Trust	Freelands Foundation Organisation
	826	–	–	South London Gallery	Freelands Foundation Organisation
	868	–	–	The Artangel Trust	Freelands Foundation Organisation
	923	15	–	The Hepworth Wakefield Trust	Freelands Foundation Organisation
	210	63	–	The Whitworth, University of Manchester	Freelands Foundation Organisation
	366	427	–	Towner Art Gallery	Freelands Foundation Organisation
	682	–	–	Turner Contemporary	Freelands Foundation Organisation
	249	68	–	University of the Arts London	Freelands Foundation Organisation
	480	–	–	Wysing Arts Centre	Freelands Foundation Organisation
	1,511	80	–	Yorkshire Sculpture Park	Freelands Foundation Organisation
Helen Birchenough	1,442	42	–	Wiltshire Creative	Board member



COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Kate Willard OBE	1,012	–	880,507	Department for Culture, Media and Sport	Member of Independent Review of Destination Management Organisations
	–	50	–	RSA (The Royal Society for the Encouragement of Arts, Manufactures & Commerce)	Royal Society of Arts Fellow
Michael Eakin	2,352	7	–	Royal Liverpool Philharmonic	Director – Remunerated
Paul Roberts OBE	151	35	–	A New Direction London Limited	Advisor/Consultant – Not remunerated
	61	56	–	Durham University	Commissioner for the ACE/Durham University Commission on Education and Creativity. Not remunerated
	1,024	15	–	Nottingham Contemporary	Board member – Not remunerated
	533	–	–	Nottingham Music Service	Board member and former Chair of the Board Not remunerated
Professor Roni Brown	1,827	–	–	Contemporary Dance Trust	There is a proposal for partnership between UAL, of which Prof Roni Brown is Deputy Vice-Chancellor, and the organisation.
	–	6	–	Farnham Maltings Association	Partner is a director.
	233	–	–	Institute of International Visual Arts	Organisation is hosted at University of the Arts London.
	682	–	–	Turner Contemporary	Affiliated through employer: Turner Contemporary and UCA have a financial agreement for services.
	249	68	–	University of the Arts London	Pro Vice-Chancellor and Head of College, London College of Fashion (remunerated)
	–	–	–	–	–
Ruth MacKenzie CBE	221	54	–	Improbable	Board member
	1,216	–	–	Serpentine Galleries	Board member
	–	125	–	Somerset House Trust	Partner in a project

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Sukhy Johal MBE	879	1	–	New Art Exchange Ltd	Board member
	88	22	–	The University of Lincoln	Employee
	82	10	–	Threshold Studios	Partner is a project director
Tessa Ross CBE	100	–	30	Creative Industries Federation	Board member
	514	181	–	Donmar Warehouse Projects Ltd	Trustee

### 27b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Darren Henley CBE	72	–	British Youth Music Theatre	Family member is artist/practitioner
	11	–	Creative Industries Federation	Advisor until Sep/21
	10	–	Manchester Metropolitan University	Financial donor
	788	788	University of Leeds	Advisor
Francis Runacres MBE	45	26	Outset Contemporary Art Fund	Board Member until Feb/19
Mags Patten	157	120	National Academy for Social Prescribing	Advisory group role until Jan/20
	19	4	University of Bath	Student at University
Navees Rahman	244	36	National Justice Museum	Co-opted member of Finance and Audit Committee until Feb/23
Richard Russell	–	6	Awards for Young Musicians	Donor/Lender
Simon Mellor OBE	1	–	Bath Spa University	Partner is employee



The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Darren Henley CBE	100	30	Creative Industries Federation	Vice-chair and member of Advisory Group
	–	2	Cultural Institute, University of Leeds	Unpaid member of Advisory Group
Elizabeth Bushell	468	468	Bletchley Park Trust	Board member
Peter Knott	764	3	One Dance UK	Partner is paid Chair of Young People panel.
	2,299	466	Leicester Theatre Trust Limited	Partner is Head of Learning.
	–	494	De Montfort University	Partner is a senior lecturer
Phillip Gibby	109	–	RISE Youth Dance	Partner is advisor/consultant.
	16	–	Theatre Bristol Ltd	Partner is employee
Simon Mellor OBE	82	9,442	Manchester City Council	Part-time Project Director of The Factory
	52	–	International Federation of Arts Councils and Culture Agencies	Board Member and Treasurer of IFACCA's executive committee
Tonya Nelson	15	20	The National Gallery	Board Member
Mags Patten	25	27	The Clore Leadership Programme	Part of steering group
	8	–	The Stage Media Company Ltd	Part of steering group
Liz Johnson	822	2,059	University of Warwick	Sister is Assistant Director, Finance

The declared interests of National Council members and Executive Board are available at the following link:

<https://www.artscouncil.org.uk/our-organisation/national-council>



### 27c. OTHER GOVERNMENT BODIES

The Department for Culture, Media and Sport (DCMS) is the sponsoring department for Arts Council England and is regarded as a related party. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	CREDITOR 31 MARCH 2023 £000s	DEBTOR 31 MARCH 2023 £000s	CREDITOR 31 MARCH 2022 £000s	DEBTOR 31 MARCH 2022 £000s
Balances with other DCMS Government bodies	<b>3,719</b>	<b>1,432</b>	4,598	11,853
Balances with other central Government bodies	<b>25</b>	<b>143</b>	875	49
Balances with academies	–	<b>92</b>	64	27
Balances with local authorities	<b>72,744</b>	–	65,411	–
Balances with NHS Trusts	<b>10</b>	–	10	–
Balances with public corporations and trading funds	<b>46</b>	–	56	–

During 2022/23, Arts Council England had the following transactions with other Government bodies:

	EXPENDITURE 31 MARCH 2023 £000s	INCOME 31 MARCH 2023 £000s	EXPENDITURE 31 MARCH 2022 £000s	INCOME 31 MARCH 2022 £000s
Transactions with other DCMS Government bodies	<b>2,375</b>	<b>540,396</b>	1,380	880,617
Transactions with other central Government bodies	<b>5,012</b>	<b>640</b>	9,728	273
Transactions with academies	<b>384</b>	<b>89</b>	490	193
Transactions with local authorities	<b>99,256</b>	<b>46</b>	107,938	–
Transactions with NHS Trusts	–	–	15	–
Transactions with public corporations and trading funds	–	–	20	–

The Arts Council Retirement Plan and the West Yorkshire Pension Fund are both considered as related parties to Arts Council England.

### 28. RECONCILIATION OF OPERATING SURPLUS TO DEPARTMENTAL EXPENDITURE LIMIT

The Government budget that is allocated to and spent by Government departments is known as the departmental expenditure limit, or DEL. The Arts Council is not allowed to exceed its annual DEL budget. Due to differing accounting

treatments, there are certain transactions which are included in these accounts but which do not have an impact on our DEL budget. The Arts Council has a reported deficit of £96,000 but our overall DEL underspend for the year was £350,000 and the table below shows a reconciliation of the two amounts.

	£000s AT 31 MARCH 2023
Overspend/(Underspend as per SOFA)	94
<b>EXCLUDE NON-DEL TRANSACTIONS</b>	
FRS17 (Deficit)/Surplus	(405)
Gain on investments	16
Depreciation	(468)
Capital expenditure	953
Provisions adjustments	(555)
Legacy income	15
Donations	–
Legacy expenditure	–
<b>DEL Underspend (excluding Depreciation)</b>	<b>(350)</b>
<b>REPRESENTED BY :</b>	
RDEL underspend	(334)
CDEL underspend	(16)
	(350)

### 29. CONTINGENT LIABILITIES

As at 31 March 2023 four Employment tribunal cases had been lodged against Arts Council England, which are yet to go to a full hearing. At this stage Arts Council England believe that all cases will be defended successfully and therefore no provision has been made in the Accounts.

### 30. POST BALANCE SHEET EVENTS

In accordance with the requirements of Charities SORP (FRS102), events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is

interpreted as the date of the independent auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.



**31 RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODIES****31A VICTORIA & ALBERT MUSEUM**

The Victoria & Albert Museum is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2022/23 £000s
<b>TRANSACTIONS RECORDED IN THE ACCOUNTS:</b>	
Opening grant creditor balance as at 1 April	–
Grant commitment in the year	750
Grant payments in the year	–
<b>Closing grant creditor balance as at 31 March</b>	<b>750</b>

**31B BRITISH LIBRARY**

The British Library is a delegate body of Arts Council England in distributing Grant-in-Aid funds.

	2022/23 £000s
<b>TRANSACTIONS RECORDED IN THE ACCOUNTS:</b>	
Opening grant creditor balance as at 1 April	3,400
Grant commitment in the year	–
Grant payments in the year	(788)
<b>Closing grant creditor balance as at 31 March</b>	<b>2,612</b>



## 32 STATEMENT OF FINANCIAL ACTIVITIES – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2022/23 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 2021/22 £000s
<b>INCOME AND ENDOWMENTS FROM:</b>								
Donations and legacies	<b>380,334</b>	<b>159,902</b>	–	<b>540,236</b>	366,455	320,365	–	686,820
Investments	–	–	<b>15</b>	<b>15</b>	–	–	11	11
Charitable activities	<b>750</b>	<b>1,908</b>	–	<b>2,658</b>	325	1,413	–	1,738
Other: Lottery distribution accounts	<b>18,859</b>	–	–	<b>18,859</b>	15,907	–	–	15,907
<b>Total income and endowments</b>	<b>399,943</b>	<b>161,810</b>	<b>15</b>	<b>561,768</b>	<b>382,687</b>	<b>321,778</b>	<b>11</b>	<b>704,476</b>
<b>EXPENDITURE ON:</b>								
Charitable activities (including Governance costs)	<b>380,340</b>	<b>162,108</b>	–	<b>542,448</b>	366,342	321,494	–	687,836
Other: Support costs attributable to Lottery distributions accounts	<b>18,859</b>	–	–	<b>18,859</b>	15,907	–	–	15,907
<b>Total expenditure</b>	<b>399,199</b>	<b>162,108</b>	–	<b>561,307</b>	<b>382,249</b>	<b>321,494</b>	–	<b>703,743</b>
<b>Net gains/(losses) on investments</b>	–	–	<b>16</b>	<b>16</b>	–	–	53	53
<b>Total income/ (expenditure) before exceptional items</b>	<b>744</b>	<b>(298)</b>	<b>31</b>	<b>477</b>	<b>438</b>	<b>284</b>	<b>64</b>	<b>786</b>
<b>EXCEPTIONAL ITEMS</b>								
Cost of fundamental reorganisation	–	–	–	–	–	–	–	–
<b>Net income/ (expenditure)</b>	<b>744</b>	<b>(298)</b>	<b>31</b>	<b>477</b>	<b>438</b>	<b>284</b>	<b>64</b>	<b>786</b>
<b>TRANSFERS</b>								
Gross transfers between funds	–	–	–	–	–	–	–	–
<b>Total income/ (expenditure) before other recognised gains and losses</b>	<b>744</b>	<b>(298)</b>	<b>31</b>	<b>477</b>	<b>438</b>	<b>284</b>	<b>64</b>	<b>786</b>
<b>OTHER RECOGNISED GAINS/LOSSES</b>								
Gain on revaluation of heritage assets	–	–	–	–	–	–	–	–
Actuarial gains/(losses) on defined benefit pension schemes	<b>(571)</b>	–	–	<b>(571)</b>	941	–	–	941
<b>Net movement in funds</b>	<b>173</b>	<b>(298)</b>	<b>31</b>	<b>(94)</b>	<b>1,379</b>	<b>284</b>	<b>64</b>	<b>1,727</b>
<b>RECONCILIATION OF FUNDS:</b>								
Balance brought forward at 1 April	<b>13,108</b>	<b>1,012</b>	<b>747</b>	<b>14,867</b>	(504)	–	–	(504)
<b>Total funds carried forward at 31 March</b>	<b>13,281</b>	<b>714</b>	<b>778</b>	<b>14,773</b>	<b>13,108</b>	<b>1,012</b>	<b>747</b>	<b>14,867</b>

## 33 BALANCE SHEET – PRIOR YEAR COMPARATORS

	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2023 £000s	UNRESTRICTED FUNDS £000s	RESTRICTED FUNDS £000s	ENDOWMENT FUNDS £000s	TOTAL 31 MARCH 2022 £000s
<b>FIXED ASSETS:</b>								
Tangible assets	3,276	–	–	3,276	3,026	–	–	3,026
Heritage assets – works of art	9,058	–	–	9,058	8,825	–	–	8,825
Investments	–	–	778	778	–	–	747	747
<b>Total fixed assets</b>	<b>12,334</b>	<b>–</b>	<b>778</b>	<b>13,112</b>	<b>11,851</b>	<b>–</b>	<b>747</b>	<b>12,598</b>
<b>CURRENT ASSETS</b>								
Debtors	–	121,237	–	121,237	–	104,388	–	104,388
Due from Arts Council Lottery accounts	5,195	–	–	5,195	7,329	–	–	7,329
Grants paid in advance	–	–	–	–	–	–	–	–
Cash and cash equivalents	37,065	21,047	–	58,112	16,548	61,797	–	78,345
<b>Total current assets</b>	<b>42,260</b>	<b>142,284</b>	<b>–</b>	<b>184,544</b>	<b>23,877</b>	<b>166,185</b>	<b>–</b>	<b>190,062</b>
<b>LIABILITIES</b>								
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>								
Grants outstanding	33,897	141,201	–	175,098	16,681	163,934	–	180,615
Due to Arts Council Lottery accounts	–	–	–	–	–	–	–	–
Creditors	5,230	369	–	5,599	5,182	1,239	–	6,421
<b>Total creditors: amounts falling due within one year</b>	<b>39,127</b>	<b>141,570</b>	<b>–</b>	<b>180,697</b>	<b>21,863</b>	<b>165,173</b>	<b>–</b>	<b>187,036</b>
<b>Net current assets</b>	<b>3,133</b>	<b>714</b>	<b>–</b>	<b>3,847</b>	<b>2,014</b>	<b>1,012</b>	<b>–</b>	<b>3,026</b>
<b>Total assets less current liabilities</b>	<b>15,467</b>	<b>714</b>	<b>778</b>	<b>16,959</b>	<b>13,865</b>	<b>1,012</b>	<b>747</b>	<b>15,624</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>								
Provisions for liabilities and charges	2,186	–	–	2,186	1,162	–	–	1,162
<b>Net assets excluding pension liability</b>	<b>13,281</b>	<b>714</b>	<b>778</b>	<b>14,773</b>	<b>12,703</b>	<b>1,012</b>	<b>747</b>	<b>14,462</b>
Defined benefit pension scheme liability	–	–	–	–	(405)	–	–	(405)
<b>Net assets including pension liability</b>	<b>13,281</b>	<b>714</b>	<b>778</b>	<b>14,773</b>	<b>13,108</b>	<b>1,012</b>	<b>747</b>	<b>14,867</b>
<b>THE FUNDS OF THE CHARITY:</b>								
<b>REPRESENTED BY INCOME FUNDS</b>								
Unrestricted fund	947	–	–	947	852	–	–	852
Restricted fund	–	714	–	714	–	1,012	–	1,012
<b>REPRESENTED BY CAPITAL FUNDS</b>								
Endowment funds	–	–	778	778	–	–	747	747
Designated fund	9,058	–	–	9,058	8,825	–	–	8,825
Donated asset reserve	–	–	–	–	–	–	–	–
Capital reserve	3,276	–	–	3,276	3,026	–	–	3,026
Pension reserve	14,469	–	–	–	405	–	–	405
<b>Total charity funds</b>	<b>13,281</b>	<b>714</b>	<b>778</b>	<b>14,773</b>	<b>13,108</b>	<b>1,012</b>	<b>747</b>	<b>14,867</b>

CHARITIES SORP (FRS102) REQUIRES PRIOR COMPARATIVE FIGURES TO BE SHOWN FOR EACH TYPE OF FUND FOR THE BALANCE SHEET AS WELL AS THE STATEMENT OF FINANCIAL ACTIVITIES. THIS NOTE DISCLOSES THE PRIOR YEAR COMPARATIVE FIGURES FOR ALL THREE TYPES OF FUNDS.

### 34. CULTURAL RECOVERY FUND: REPAYABLE FINANCE

The Cultural Recovery Fund (Repayable Finance) programme is part of the Government's £1.57 billion package to protect the UK's culture and heritage sectors from the economic impacts of Covid-19. It was intended to offer financial support for culturally significant organisations that were financially sustainable before Covid-19, but were subsequently at risk of no longer trading viably by 31 March 2021.

The programme consists of DCMS loans totalling £256 million to 40 organisations, which are repayable over a period of up to 20 years.

As the loans were made on behalf of DCMS they are not included in the accounts for Arts Council England. However the £1,165,833 income received by Arts Council England for administering the loans is included within Note 3.



# 09.

## Lottery distribution accounts







## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO HOUSES OF PARLIAMENT

### OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Arts Council England Lottery Distribution Account for the year ended 31 March 2023 under the National Lottery etc Act 1993.

The financial statements comprise the Arts Council England Lottery Distribution Account's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Arts Council England Lottery Distribution Account's affairs as at 31 March 2023 and its total comprehensive expenditure for the year for the year then ended; and
- have been properly prepared in accordance with the National Lottery etc Act 1993 and Secretary of State directions issued thereunder.

### OPINION ON REGULARITY

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs

UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*.

I am independent of the Arts Council England in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, I have concluded that the Arts Council England's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Arts Council England's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and Chief Executive with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Arts Council Lottery Distribution Accounts is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## OTHER INFORMATION

The other information comprises the information included in the Performance and Accountability Report, but does not include the financial statements nor my auditor's certificate and report. The Trustees and Chief Executive is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## OPINION ON OTHER MATTERS

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc Act 1993.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## MATTERS ON WHICH I REPORT BY EXCEPTION

In the light of the knowledge and understanding of Arts Council England and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the Arts Council England or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## RESPONSIBILITIES OF THE TRUSTEES AND CHIEF EXECUTIVE FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of the Trustees and Chief Executive's Responsibilities, the National Council and Chief Executive are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the Arts Council England from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993; and
- assessing the Arts Council England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and Chief Executive anticipate that the services provided by the Arts Council England will not continue to be provided in the future.

#### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc Act 1993.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

#### Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Arts Council England's accounting policies, and key performance indicators.
- inquired of management, the Arts Council England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Arts Council England's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Arts Council England's controls relating to the Arts Council England's compliance with the National Lottery etc Act 1993 and Managing Public Money;
- inquired of management, the Arts Council England's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;



- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Arts Council England for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management estimates, and grant expenditure. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Arts Council England's framework of authority and other legal and regulatory frameworks in which the Arts Council England operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Arts Council England. The key laws and regulations I considered in this context included the National Lottery etc Act 1993, and Managing Public Money.

### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Performance and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the National Council and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business

rationale of any significant transactions that are unusual or outside the normal course of business; and

- I tested a sample of grant expenditure to gain assurance that grants had been spent on the intended purposes

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### **Other auditor's responsibilities**

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

### **REPORT**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

26 JUNE 2023

### **National Audit Office**

157–197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	31 MARCH 2023 £000	31 MARCH 2022 £000
<b>INCOME</b>			
Share of proceeds from the National Lottery Distribution Fund	2	<b>246,755</b>	252,290
Investment returns on the Distribution Fund	2	<b>4,952</b>	357
		<b>251,707</b>	252,647
Other income	3	<b>1,095</b>	629
<b>Total income</b>		<b>252,802</b>	253,276
<b>EXPENDITURE</b>			
<b>Grant expenditure:</b>			
Grant commitments made in the year		<b>428,375</b>	257,027
Less: lapsed and revoked commitments		<b>(1,121)</b>	(8,574)
Net grant commitments	10	<b>427,254</b>	248,453
<b>Other expenditure:</b>			
Invoiced Arts expenditure		<b>1,069</b>	453
Costs apportioned from Grant-in-Aid accounts	6	<b>18,859</b>	15,907
<b>Total expenditure</b>		<b>447,182</b>	264,813
<b>Total comprehensive expenditure for the year ended 31 March</b>		<b>(194,380)</b>	(11,537)

ALL INCOME AND EXPENDITURE DISCLOSED ABOVE RELATES TO CONTINUING ACTIVITIES.  
THE NOTES ON PAGES 149 TO 171 FORM PART OF THESE ACCOUNTS

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

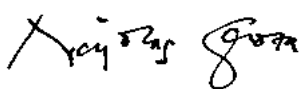
	NOTE	31 MARCH 2023 £000s	31 MARCH 2022 £000s
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	9	154
Investments: balance in the National Lottery Distribution Fund	2	210,799	193,770
Cash and cash equivalents	14	962	11,691
<b>Total current assets</b>		<b>211,770</b>	<b>205,615</b>
<b>CURRENT LIABILITIES</b>			
Grant liabilities due within one year	10	191,274	185,497
Trade and other payables	11	108	172
Due to Grant-in-Aid accounts	19e	5,195	7,329
<b>Total current liabilities</b>		<b>196,577</b>	<b>192,998</b>
<b>Net current assets</b>		<b>15,193</b>	<b>12,617</b>
<b>NON-CURRENT LIABILITIES</b>			
Grant liabilities due in more than one year	10	228,282	31,326
<b>Net Liabilities</b>		<b>(213,089)</b>	<b>(18,709)</b>
<b>EQUITY</b>			
General reserve		(213,089)	(18,709)
		<b>(213,089)</b>	<b>(18,709)</b>

THE NOTES ON PAGES 149 TO 171 FORM PART OF THESE ACCOUNTS.



**Dr Darren Henley CBE**  
Chief Executive

21 JUNE 2023



**Sir Nicholas Serota CH**  
Chair

21 JUNE 2023

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	NOTE	2022/23 £000s	2021/22 £000s
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Funds received from the National Lottery Distribution Fund	2	<b>234,678</b>	269,440
Other cash receipts		<b>1,240</b>	515
Grants paid	10	<b>(224,521)</b>	(248,116)
Cash paid to Grant-in-Aid accounts		<b>(20,993)</b>	(10,065)
Other cash payments		<b>(1,134)</b>	(952)
<b>Net cash inflow/(outflow) from operating activities</b>	12	<b>(10,730)</b>	10,822
<b>Net increase/(decrease) in cash and cash equivalents</b>	13/14	<b>(10,730)</b>	10,822
<b>Cash and cash equivalents at beginning of period</b>		<b>11,692</b>	870
<b>Cash and cash equivalents at end of period</b>		<b>962</b>	11,692

THE NOTES ON PAGES 149 TO 171 FORM PART OF THESE ACCOUNTS.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	GENERAL RESERVE 2022/23 £000s	FAIR VALUE RESERVE 2022/23 £000s	TOTAL RESERVES 2022/23 £000s	TOTAL RESERVES 2021/22 £000s
Closing reserve position 31 March	<b>(18,710)</b>	–	<b>(18,710)</b>	(7,172)
Transferred (to)/from the statement of comprehensive net expenditure	<b>(194,380)</b>	–	<b>(194,380)</b>	(11,538)
Closing reserve position 31 March	<b>(213,090)</b>	–	<b>(213,090)</b>	(18,710)

THE NOTES ON PAGES 149 TO 171 FORM PART OF THESE ACCOUNTS.



## NOTES TO THE LOTTERY DISTRIBUTION ACCOUNTS

### 1. ACCOUNTING POLICIES

#### 1a. BASIS OF PREPARATION

We have prepared these accounts in accordance with the National Lottery etc Act 1993 (as amended) and directions issued thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury and the 2022/23 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate for the particular circumstances of the Arts Council Lottery distribution accounts for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Arts Council Lottery distribution accounts are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Arts Council England continues to adopt the going concern concept in the preparation of the Lottery accounts. Grant commitments for future years have been entered into after taking account of income projections provided by the Gambling Commission. Arts Council England assumes that the Lottery will continue to operate and the transfer of operations from Camelot to Allwyn will have no material impact on Lottery income.

Last year the Statement of Financial Position showed a deficit of £19 million. This year the position has moved to a deficit of £213 million. The reason for this is that, unlike Grant-in-Aid, the full amount of Lottery grant commitments is shown in the accounts in the year when the commitment is made. In 2022/23 we entered into our new four-year investment round, which meant those National Portfolio Organisations which are being funded through

the Lottery distribution accounts showed the full four-year commitment in 2022/23 of £428 million, for activity and payments which will take place over the period 2022-26. The deficit showing at the end of 2022/23 will gradually reduce over the next four years as we make payments against the grants that were committed in 2022/23.

The accounts are prepared on a historic cost basis. Separate accounts have been prepared for the activities funded from Grant-in-Aid, in accordance with the directions issued by the Secretary of State. Full consolidated accounts have not been prepared.

#### 1b. RECOGNITION OF INCOME AND EXPENDITURE

All income and expenditure are accounted for on a receivable and payable basis. Income from the National Lottery is recognised in the Accounts when information is provided to Arts Council England by the NLDF. Grant commitments are recognised as expenditure in the Accounts when the offer is made to the grant applicants. Grant commitments payable within one year of the balance sheet date are recognised in the balance sheet as current liabilities. Those payable more than one year from the balance sheet date are shown as grant commitments over one year. Other expenditure is recognised in the Accounts when goods and services have been received or when there is a contractual obligation to pay.

#### 1c. NATIONAL LOTTERY DISTRIBUTION FUND

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to Arts Council England is as shown in the accounts and, at the date of the statement of financial position, has been notified by the Secretary of State for Culture, Media and Sport as being available for distribution by Arts Council England for current and future commitments.

#### 1d. TAXATION

Arts Council England, as a registered charity (1036733), is considered to pass the tests set out in paragraph 1, schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes.

Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen in the year.

#### 1e. PENSIONS

We provide a defined benefit pension scheme for our employees (the Arts Council Retirement Plan 1994) and are a participating employer in the West Yorkshire Pension Fund.

The Arts Council Retirement Plan is a multi-employer scheme and we cannot identify our share of the underlying assets and liabilities. As the Scheme does not monitor individual asset shares, there's no consistent reliable way of allocating the assets between employers. We have therefore accounted for this scheme as if it were a defined contribution scheme, in accordance with Charities SORP (FRS102), with the costs of the scheme being charged to the statement of financial activities. The West Yorkshire Pension Fund is also a multi-employer scheme, but, as a local government pension scheme, we are able to identify our share of the underlying assets and liabilities and have therefore accounted for this scheme in line with Charities SORP (FRS102).

All pensions adjustments are charged through the Grant-in-Aid accounts and recharged to the Lottery distribution accounts.

In order to meet the pension auto enrolment requirements, we also provide a defined contribution scheme for staff who are automatically enrolled (via The People's Pension).

#### 1f. APPORTIONED COSTS

Arts Council England incurs indirect costs, which are shared between activities funded from Grant-in-Aid and activities funded from the National Lottery. We are required to apportion indirect costs properly between the two areas in accordance with good accounting practice. There is no material impact on the recharge to Lottery were IFRS a requirement for adoption for the Grant-in-Aid accounts.

#### 1g. FINANCIAL INSTRUMENTS

In accordance with the Lottery accounts direction, realised profits and losses on investments are recognised within the Statement of Comprehensive Net Expenditure (SoCNE).

#### 1h. POLICY ON RESERVES

Reserves held within the Lottery distribution accounts represent the difference between the amount allocated to Arts Council England and the amount committed.

## 2. NATIONAL LOTTERY DISTRIBUTION FUND

	2022/23 £000s	2021/22 £000s
Balance at 1 April	<b>193,770</b>	210,563
Share of proceeds from the National Lottery Distribution Fund	<b>246,755</b>	252,290
Investment returns on the Distribution Fund	<b>4,952</b>	357
Cash drawn down	<b>(234,678)</b>	(269,440)
<b>Balance at 31 March</b>	<b>210,799</b>	193,770

THE BALANCE IN THE NATIONAL LOTTERY DISTRIBUTION FUND AT 31 MARCH 2023 IS BASED ON THE INTERIM CERTIFICATE ISSUED BY DCMS.

## 3. OTHER INCOME

GRANTS AND SPONSORSHIP RECEIVED	2022/23 £000s	2021/22 £000s
Other central Government bodies	–	50
Public Corporations	<b>800</b>	–
Sundry	<b>295</b>	579
	<b>1,095</b>	629

Grants, sponsorship and donations are analysed as follows:

	2022/23 £000s	2021/22 £000s
<b>OTHER CENTRAL GOVERNMENT BODIES</b>		
Historic England	–	50
<b>PUBLIC CORPORATIONS</b>		
Nesta Arts & Culture LLP	<b>800</b>	–
<b>SUNDRY</b>		
Freelands Foundation	<b>216</b>	540
<b>PUBLIC CORPORATIONS</b>		
Other grants, sponsorship and donations	<b>79</b>	39
	<b>1,095</b>	629

#### 4. STAFF COSTS

No operating costs are directly charged to the Lottery accounts; all costs are initially charged to Grant-in-Aid and then recharged to the Lottery accounts based on the amount of time spent on Lottery-related activities. These are disclosed in Note 6 below.

#### 5. PENSIONS

Arts Council England are a participating employer in the Arts Council Retirement Plan (1994) and the West Yorkshire Pension Fund (WYPF) and also contribute to a group personal pension arrangement.

All transactions generated as a result of the FRS102 report are charged initially to the Grant-in-Aid accounts. The costs are then recharged across to the Lottery accounts in the same ratio as other salary costs. This ensures that both Grant-in-Aid and Lottery are correctly charged with their proportion of the overall pension charges. However, the assets and liabilities of the West Yorkshire Pension Fund are shown only in the Grant-in-Aid accounts.

#### 6. COSTS APPORTIONED FROM ARTS COUNCIL ENGLAND GRANT-IN-AID ACCOUNTS

	2022/23 £000s	2021/22 £000s
Staff costs	<b>14,453</b>	11,493
Indirect staff costs	<b>62</b>	146
Premises	<b>1,019</b>	1,050
Supplies and services	<b>1,975</b>	1,873
Travel & Subsistence	<b>251</b>	103
Professional Fees	<b>496</b>	758
Central Costs	<b>147</b>	182
Other Recharges – contribution to Capital	<b>457</b>	302
	<b>18,860</b>	15,907
Corporate governance costs included above	<b>1,242</b>	648



## 7. (DECREASE)/INCREASE IN LOTTERY FUNDS

	2022/23 £000s	2021/22 £000s
Stated after charging:		
(a) Auditors' remuneration	<b>65</b>	64
(b) Staff travel, subsistence and hospitality	<b>251</b>	103

The fee for the statutory audit in 2022/23 is £65,000 (2021/22: £64,375). There were no fees payable to the auditors for non-audit services.

## 8. NON-CURRENT ASSETS

Lottery accounts are charged their share of the depreciation of assets employed across all Arts Council activities. All tangible fixed assets are recognised on the Grant-in-Aid balance sheet and it is not possible to allocate them across accounts.

## 9. RECEIVABLES

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Prepayments and accrued income	–	–
Other receivables	<b>9</b>	154
Provision for doubtful debts	–	–
	<b>9</b>	154

## 10. GRANT COMMITMENTS

Prior to 2014/15, commitments accounted for were limited to those where there had been written acceptance from the grant recipient.

In line with the 2014/15 Lottery Directions, issued by the Secretary of State, commitments are now accounted for when the decision to award grants has been made and communicated to the grant recipient.

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Grant liabilities brought forward	<b>216,823</b>	216,485
Grant commitments made	<b>428,375</b>	257,028
Less: lapsed and revoked commitments	<b>(1,121)</b>	(8,574)
Grant liabilities paid	<b>(224,521)</b>	(248,116)
<b>Balance of grant liabilities outstanding carried forward</b>	<b>419,556</b>	216,823

AGEING OF GRANT LIABILITIES:	31 MARCH 2023 £000s	31 MARCH 2022 £000s
2021/22	<b>N/A</b>	185,496
2022/23	<b>191,274</b>	19,496
2023/24	<b>121,026</b>	11,831
2024/25	<b>106,852</b>	
2025/26	<b>404</b>	
	<b>419,556</b>	216,823

## 11. CURRENT LIABILITIES

	31 MARCH 2023 £000s	31 MARCH 2022 £000s
Trade payables	<b>95</b>	159
Other payables	<b>13</b>	13
	<b>108</b>	172

## 12. CASH FLOW RECONCILIATION

RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2022/23 £000s	2021/22 £000s
Operating surplus	<b>(194,380)</b>	(11,538)
Decrease in receivables and prepayments	<b>(16,884)</b>	16,679
Decrease in payables	<b>200,535</b>	5,680
<b>Net cash inflow/(outflow)</b>	<b>(10,729)</b>	10,821

## 13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	2022/23 £000s	2021/22 £000s
Increase/(decrease) in cash and cash equivalents in the year	<b>(10,729)</b>	10,821
Funds at 1 April	<b>11,691</b>	870
Funds at 31 March	<b>962</b>	11,691

## 14. CASH AND CASH EQUIVALENTS

	1 APRIL 2022 £000s	CASH FLOW £000s	31 MARCH 2023 £000s
Cash at bank and cash equivalents	11,691	(10,729)	<b>962</b>
	11,691	(10,729)	<b>962</b>

## 15. LEASES

There were no commitments under non-cancellable operating leases at 31 March 2023 (31 March 2022: £nil).

## 16. CAPITAL COMMITMENTS

There were no contracted capital commitments as at 31 March 2023 (31 March 2022: £nil).

## 17. CHARGES ON ASSETS

Since January 2018, the standard conditions for Grant-in-Aid and Lottery capital grants for building projects of between £500,000 and £5 million give the Arts Council the option to seek security over land or buildings to prevent the assets being sold, mortgaged or put to an alternative use without the Arts Council's consent. For grants below £1 million, Arts Council England would request a deed of covenant and restriction on title. For grants above £1 million, Arts Council England would register a legal charge over the asset.

## 18. RECONCILIATION OF TRANSACTIONS WITH DELEGATE BODY

### 18a. NATIONAL FOUNDATION FOR YOUTH MUSIC

The National Foundation for Youth Music (NFYM) is a delegate body of Arts Council England in distributing Lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of NFYM as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2022/23 £000s	2021/22 £000s
Grant commitments in the year	<b>28,953</b>	9,651
NFYM payables balance as at 31 March	<b>28,953</b>	9,651
THIS RECONCILES TO NFYM'S ACCOUNTS FOR THE YEAR ENDED 31 MARCH AS FOLLOWS:		
Balance at 1 April	<b>3,272</b>	4,310
INCOMING FUNDS:		
Arts Council England grant	<b>9,651</b>	9,651
other funds	<b>2,762</b>	3,703
OUTGOING FUNDS:		
grant expenditure	<b>(10,493)</b>	(12,448)
other expenditure	<b>(2,373)</b>	(1,944)
<b>Balance at 31 March</b>	<b>2,819</b>	3,272
Arts Council England receivables balance as at 31 March	<b>28,953</b>	9,651

The 2022/23 figures were unaudited at the date of signing these accounts. The 2021/22 figures have been adjusted to reflect the audited accounts.



**18b. VICTORIA & ALBERT MUSEUM (V&A)**

The Victoria & Albert Museum (V&A) is a delegate body of Arts Council England in distributing Lottery funds.

Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of V&A as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2022/23 £000s	2021/22 £000s
Grant commitments in the year	–	750
V&A payables balance as at 31 March	<b>188</b>	1,050
<b>THIS RECONCILES TO V&amp;A'S ACCOUNTS FOR THE YEAR ENDED 31 MARCH AS FOLLOWS:</b>		
Balance at 1 April	–	–
<b>INCOMING FUNDS:</b>		
Arts Council England grant	<b>846</b>	638
other funds	<b>232</b>	115
<b>OUTGOING FUNDS:</b>		
grant expenditure	<b>(1,035)</b>	(592)
other expenditure	<b>(43)</b>	(16)
<b>Balance at 31 March</b>	<b>–</b>	<b>–</b>
Arts Council England receivables balance as at 31 March	<b>188</b>	1,050

The 2022/23 figures were unaudited at the date of signing these accounts. The 2021/22 figures have been adjusted to reflect the audited accounts.

**18c. UK COMMUNITY FOUNDATIONS (UKCF)**

UK Community Foundations (UKCF) is a delegate body of Arts Council England in distributing Lottery funds. Transactions in these accounts relating to this delegation reconcile to transactions in the accounts of UKCF as follows:

TRANSACTIONS IN ARTS COUNCIL ENGLAND ACCOUNTS:	2022/23 £000s	2021/22 £000s
Grant commitments in the year	–	5,000
UKCF payables balance as at 31 March	<b>50</b>	50
<b>THIS RECONCILES TO UKCF'S ACCOUNTS FOR THE YEAR ENDED 31 MARCH AS FOLLOWS:</b>		
Balance at 1 April	<b>60</b>	–
<b>INCOMING FUNDS:</b>		
Arts Council England grant	–	4,950
other funds	<b>88</b>	–
<b>OUTGOING FUNDS:</b>		
grant expenditure	–	(4,500)
other expenditure	<b>(111)</b>	(390)
<b>Balance at 31 March</b>	<b>37</b>	<b>60</b>
Arts Council England receivables balance as at 31 March	<b>50</b>	50

The 2022/23 figures were unaudited at the date of signing these accounts. The 2021/22 figures have been adjusted to reflect the audited accounts.

**18d. CREATIVE KERNOW LTD**

Creative Kernow Ltd is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2022/23 £000s
Opening grant creditor balance as at 01 April	–
Grant commitment in the year	650
Grant payments in the year	–
<b>Closing grant creditor balance as at 31 March</b>	<b>650</b>

### 18e. CAUSE4 LTD

Cause4 Ltd is a delegate body of Arts Council England in distributing Lottery funds.

TRANSACTIONS RECORDED IN THE ACCOUNTS:	2022/23 £000s
Opening grant creditor balance as at 1 April	–
Grant commitment in the year	1,528
Grant payments in the year	(127)
<b>Closing grant creditor balance as at 31 March</b>	<b>1,401</b>

### 19. FINANCIAL INSTRUMENTS

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Arts Council by the National Lottery Distribution Fund. At 31 March 2022 the fund balance was £194 million. This had increased to £211 million by 31 March 2023, at which point there were £420 million of grant commitments yet to be paid out.

In budgeting for current expenditure, the Arts Council balances the anticipated outflow of

cash payments against grant commitments along with forward forecasts of Lottery income provided by the Department for Culture, Media and Sport. This means that the Arts Council is exposed to little immediate credit, liquidity or market risk.

#### 19a. LIQUIDITY RISK

In 2022/23, 99.57 per cent of Arts Council England's income derived from the National Lottery and the investment returns from the balances held with the National Lottery Distribution Fund.

	£000s
At the balance sheet date, Arts Council England had net assets of:	(213,090)

We are not exposed to significant liquidity risks, and are satisfied that we have sufficient current liquid resources to cover our projected payments of £191 million over the next financial year.

LIQUID ASSETS AS AT 31 MARCH 2023:	£000s
Market value of National Lottery Distribution Fund investments	210,799
Cash and cash equivalents	962

### 19b. INTEREST RATE RISK

In accordance with the National Lottery Act 1998, National Lottery income receivable by Arts Council England is passed by the National Lottery Distribution Fund to the Commissioners for the Reduction of National Debt who invest the income in a narrow band of low-risk assets such as government bonds and cash. Arts Council England has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

At the balance sheet date, the market value of the Arts Council's share of the National Lottery Distribution Fund was £210,798,681.



	FUND BALANCE	INVESTMENT RETURN £000s	AVERAGE RETURN	PROPORTION OF TOTAL INCOME
2022/23	210,799	4,952	2.32%	1.96%
2021/22	193,770	357	0.19%	0.14%
2020/21	210,563	148	0.10%	0.06%
2019/20	256,637	1,199	0.72%	0.48%
2018/19	282,630	1,144	0.67%	0.51%
2017/18	298,105	660	0.35%	0.29%
2016/17	314,514	741	0.34%	0.32%
2015/16	334,285	1,095	0.50%	0.41%
2014/15	325,697	1,101	0.50%	0.40%
2013/14	286,613	1,083	0.50%	0.47%
2012/13	282,192	1,445	0.78%	0.53%

Cash balances which are drawn down by Arts Council England from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in an instant access variable rate bank account, which carried an interest rate of 0.22 per cent below base rate until 1 September 2019. With effect

from 1 September 2019, our banking facility has been transferred to the Government Banking Service. This means that we no longer receive any interest on current account deposits.

The cash balance at the year end was £961,765.41.



### 19c. FOREIGN CURRENCY RISK

Our exposure to foreign currency risk is not significant as less than 1 per cent of transactions by value are processed in currencies other than sterling.

### 19d. FINANCIAL ASSETS BY CATEGORY

	2022/2023 £000s	2021/2022 £000s
<b>RECEIVABLES DUE WITHIN ONE YEAR</b>		
Accrued income	–	–
Other receivables	<b>9</b>	154
	<b>9</b>	154
<b>INVESTMENTS</b>		
National Lottery Distribution Fund	<b>210,799</b>	193,770
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	<b>962</b>	11,691
<b>Total financial assets</b>	<b>211,770</b>	205,615

### 19e. FINANCIAL LIABILITIES BY CATEGORY

	2022/2023 £000s	2021/2022 £000s
Trade payables	<b>95</b>	159
Other payables	<b>13</b>	13
Due to Arts Council Grant-in-Aid accounts	<b>5,195</b>	7,329
Grant payables falling due within one year	<b>191,274</b>	185,497
Grant payables falling due over one year	<b>228,282</b>	31,326
<b>Total financial liabilities</b>	<b>424,859</b>	224,324

Included within the financial liabilities are amounts such as grants outstanding and deferred income.

## 20. RELATED PARTIES

### 20a. COUNCIL MEMBERS

We maintain publicly available registers in which council members declare their interests, including any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	–	135	–	Tate Gallery	Other: Advisor/Consultant/Curator
	30	3	–	Tate Liverpool	Other: Advisor/Consultant/Curator
	30	3	–	Yorkshire Youth & Music	Family Member is employee
Andrew Miller MBE	700	490	–	Coventry City of Culture Trust	Advisor/Consultant
	2,307	2,307	–	Graeae Theatre Company Ltd	Advisor/Consultant
	–	5	–	Independent Cinema Office	Advisor/Consultant
	1,281	1,281	–	Royal Shakespeare Company	Trustee and Governor
	–	334	–	Shape Arts	Advisor/Consultant
	307	307	–	Tete a Tete	Advisor/Consultant
	446	446	–	The Audience Agency	Advisor/Consultant
	–	50	–	The Clore Leadership Programme	Advisor/Consultant
	4,000	4,587	–	The Space	Board Member and Advisor/Consultant
David Bryan CBE	–	225	–	Battersea Arts Centre	Chair of organisation
	507	507	–	Creative Lives Charity Limited	Chair of organisation
Elisabeth Murdoch CBE	650	650	–	a-n The Artists Information Company	Freelands Foundation Organisation
	489	489	–	Artcore	Freelands Foundation Organisation
	603	603	–	Bath Spa University	Freelands Foundation Organisation
	45	10	–	Bernie Grant Centre Partnership	Freelands Foundation Organisation
	84	84	–	Camden Arts Centre	Freelands Foundation Organisation
	319	319	–	Counterpoints Arts	Freelands Foundation Organisation
	2,489	2,538	–	Firstsite Ltd	Freelands Foundation Organisation
–	5	–	Focal Point Gallery	Freelands Foundation Organisation	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	–	–	216	Freelands Foundation Organisation	Founder and Chair
	306	306	–	Hastings Contemporary	Freelands Foundation Organisation
	2,739	2,739	–	Ikon Gallery	Freelands Foundation Organisation
	–	20	–	Institute of International Visual Arts	Freelands Foundation Organisation
	1,838	1,988	–	John Hansard Gallery	Freelands Foundation Organisation
	–	45	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	–	6	–	MAIA	Freelands Foundation Organisation
	50	50	–	Manchester Metropolitan University	Freelands Foundation Organisation
	2,726	2,726	–	Modern Art Oxford	Freelands Foundation Organisation
	890	890	–	National Art Collections Fund	Freelands Foundation Organisation
	–	4	–	Primary	Freelands Foundation Organisation
	300	300	–	Rosetta Art Centre CIO	Freelands Foundation Organisation
	1,283	1,296	–	Serendipity	Freelands Foundation Organisation
	2,444	2,444	–	Sheffield Museums Trust	Freelands Foundation Organisation
	855	1,435	–	Spike Island Artspace Ltd	Freelands Foundation Organisation
	154	154	–	Tannery Arts Limited	Freelands Foundation Organisation
	–	135	–	Tate Gallery	Freelands Foundation Organisation
	30	3	–	Tate Liverpool	Freelands Foundation Organisation
	25	25	–	The African Centre	Freelands Foundation Organisation
	2,768	2,768	–	The Hepworth Wakefield	Freelands Foundation Organisation
–	40	–	The Public Catalogue Foundation	Freelands Foundation Organisation	
382	532	–	University of the Arts London	Freelands Foundation Organisation	

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	–	12	–	Whitworth Art Gallery	Freelands Foundation Organisation
	1,396	1,401	–	Wysing Arts Centre	Freelands Foundation Organisation
Helen Birchenough	–	50	–	Wiltshire Creative	Board Member
Jamie Njoku-Goodwin	2,400	2,400	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra, of which Jamie is Board Director, is the orchestra for Glyndebourne
	–	8	–	Music Managers Forum Ltd	This organisation is a member of UK Music and the CEO sits on their board. Jamie is the CEO of UK Music.
Professor Roni Brown	450	450	–	Contemporary Dance Trust	Affiliated through employer
	–	3	–	Creative Foundation	Affiliated through employer
	2,584	2,584	–	Farnham Maltings Association Ltd	Family member is Director
	–	20	–	Institute of International Visual Arts	Affiliated through employer
	382	532	–	University of the Arts London	Employee
Sukhy Johal MBE	–	15	–	Lincoln Arts Trust Limited	Employer is accountable body
	–	564	–	The University of Lincoln	Employee
William Bush	154	154	–	Shobana Jeyasingh Dance Company	Family member is Board Member
YolanDa Brown OBE	2,400	2,400	–	Glyndebourne Productions Ltd	London Philharmonic Orchestra is resident orchestra
	–	15	–	PRS for Music Foundation	Board Member
	–	35	–	Southbank Centre	Advisory Board Member
	28,953	28,953	–	The National Foundation for Youth Music	Chair of organisation



The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Sir Nicholas Serota CH	1,562	1,534	–	A New Direction London Limited	Tate Exchange organisation.
	100	50	–	CAST (Cornubian Arts and Science Trust)	Partner is Chair of the Trust
	45	4	–	NMC Recordings Ltd.	Sister is trustee.
	270	135	–	Tate Gallery	Former Tate directorship remunerated. Ongoing curatorial advisor role on Nauman project remunerated.
Andrew Miller MBE	205	132	–	Graeae Theatre Company Ltd	Advisor/consultant
	50	25	–	Independent Cinema Office	Advisor/consultant
	445	602	–	Shape London	Advisor/consultant
	500	600	–	The Clore Leadership Programme	Other / Conference Panellist
	6,348	6,236	–	Welsh National Opera	Trustee
Catherine Mallyon CBE	–	350	–	Arts & Humanities Research Council	Board Member.
	2,261	2,221	–	City of Birmingham Symphony orchestra	Partner is a board member.
	–	60	–	National Trust	Partner is employee of National Trust Central Office.
	50	25	–	Orchestra of the Swan	Advisory Council Member
	467	459	–	Watermill Theatre	Partner is a board member.
Ciara Eastell OBE	153	153	–	Compton Verney House Trust	Advisor/Consultant (remunerated). Leadership Development and Coaching for Executive Team
	30	30	–	Double Elephant CIC	Partner is a director.
	36	–	–	Libraries Unlimited South West	Trustee and CEO (remunerated)
	270	135	–	Tate Gallery	Advisor/Consultant (remunerated)

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
David Joseph CBE	346	1,534	–	Julie's Bicycle	Director/Trustee
Elisabeth Murdoch CBE	697	872	–	Arnolfini Gallery	Freelands Foundation Organisation
	51	25	–	Baltic Flour Mills Visual Arts Trust	Freelands Foundation Organisation
	100	50	–	CAST (Cornubian Arts and Science Trust)	Founder of this organisation sits on the advisory board of Freelands Foundation
	300	150	–	Development Department, University of the Arts London	Freelands Foundation Organisation
	100	90	–	Firstsite Ltd	Freelands Foundation Organisation
	–	5	–	Focal Point Gallery	Freelands Foundation Organisation
			540	Freelands Foundation Organisation	Founder and Chair.
	–	40	–	Institute of International Visual Arts	Freelands Foundation Organisation
	300	150	–	John Hansard Gallery	Freelands Foundation Organisation
	–	45	–	Leeds Museums and Galleries	Freelands Foundation Organisation
	65	1	–	Manchester Metropolitan University	Freelands Foundation Organisation
	–	1,275	–	Nesta Arts & Culture LLP	Freelands Foundation Organisation
	–	65	–	New Art Exchange Ltd	Freelands Foundation Organisation
	–	75	–	Site Gallery	Freelands Foundation Organisation
	1,470	1,245	–	Spike Island Artspace Ltd	Freelands Foundation Organisation
	270	135	–	Tate Gallery	Also Chair of Tate Modern Advisory Council. Tate was funded by Freelands Foundation
	400	460	–	The Public Catalogue Foundation	Freelands Foundation Organisation
	–	43	–	The Whitworth, University of Manchester	Freelands Foundation Organisation
	–	20	–	Turner Contemporary	Freelands Foundation Organisation

COUNCIL MEMBER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	PAYMENTS RECEIVED AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Elisabeth Murdoch CBE (continued)	29	31	–	University of Brighton (Brighton CCA)	Freelands Foundation Organisation
	45	4	–	Wysing Arts Centre	Freelands Foundation Organisation
Helen Birchenough	100	100	–	Wiltshire Creative	Board member
Paul Roberts OBE	1,562	1,534	–	A New Direction London Limited	Advisor/Consultant – Not remunerated
	–	9	–	Durham University	Commissioner for the ACE/Durham University Commission on Education and Creativity. Not remunerated
Professor Roni Brown	300	150	–	Development Department, University of the Arts London	Pro Vice-Chancellor and Head of College, London College of Fashion (remunerated)
	877	861	–	Farnham Maltings Association	Partner is a director
	–	20	–	Turner Contemporary	Affiliated through employer: Turner Contemporary and UCA have a financial agreement for services
	–	138	–	Whitstable Biennale	Colleague at UCA is Chair of the Board
Ruth MacKenzie CBE	–	148	–	Greater London Authority	Consultant for the Reopening London programme
	270	135	–	Tate Gallery	Board member
Sukhy Johal MBE	825	912	–	The University of Lincoln	Employee
	–	15	–	Lincoln Arts Trust Limited	Core LOV. The University of Lincoln acts as the accountable body for Lincoln One Venues (activity across 7 venues in total). The dedicated team report to Sukhy, who signs applications for funds. They also fund the LOV network as part of their NPO agreement, including Drill Hall.
	–	65	–	New Art Exchange Ltd	Board member
	–	10	–	Threshold Studios	Partner is a project director

## 20b. DIRECTORS AND SENIOR MANAGERS

Executive directors and senior managers in Arts Council England are also required to declare any direct interests in grant applications made to, and commercial relationships with, the Arts Council. The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2023 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2023 £000s	BALANCE UNPAID AS AT 31 MARCH 2023 £000s	ORGANISATION	RELATIONSHIP TYPE
Darren Henley CBE	50	50	Manchester Metropolitan University	Financial donor
Mags Patten	603	603	Bath Spa University	Student at University
	–	50	The Clore Leadership Programme	Advisory group role until Sep/19
Simon Mellor OBE	603	603	Bath Spa University	Partner is employee





The declared interests in grant recipients along with amounts awarded for the year ended 31 March 2022 are detailed below.

DIRECTOR OR SENIOR MANAGER	GRANTS FOR THE YEAR ENDED 31 MARCH 2022 £000s	BALANCE UNPAID AS AT 31 MARCH 2022 £000s	ORGANISATION	RELATIONSHIP TYPE
Peter Knott	–	6	De Montfort University	Partner is a senior lecturer.
	409	409	Leicester Theatre Trust Limited	Partner is Head of Learning.
	–	25	One Dance UK	Partner is paid Chair of Young People panel.
	10	–	Subhash Viman	Partner is a board member of Subhash's company Morph Productions (Currently called Morph Dance Company).
Simon Mellor OBE	80	46	Manchester City Council	Part-time Project Director of The Factory
Mags Patten	500	600	The Clore Leadership Programme	Part of steering group
Kate Bellamy	750	1,050	The Victoria and Albert Museum	Employee
Liz Johnson	36	4	School of Law, University of Warwick	Sister is Assistant Director, Finance

The declared interests of National Council members and Executive Board are available at the following link:

<https://www.artscouncil.org.uk/our-organisation/national-council>

## 20c. OTHER GOVERNMENT BODIES

The Department for Culture, Media and Sport is the sponsoring department for Arts Council England and is regarded as a related party.

The National Foundation for Youth Music and the Performing Rights Society for Music Foundation are similarly regarded as related parties by virtue of their funding relationships with the Arts Council. At the year end, Arts Council England had the following balances outstanding with other Government bodies:

	PAYABLES 31 MARCH 2023 £000s	RECEIVABLES 31 MARCH 2023 £000s	PAYABLES 31 MARCH 2022 £000s	RECEIVABLES 31 MARCH 2022 £000s
Balances with other DCMS Government bodies	<b>1,156</b>	–	3,040	–
Balances with other central Government bodies	<b>29</b>	–	–	–
Balances with academies	<b>3,265</b>	–	1,471	–
Balances with local authorities	<b>21,884</b>	–	7,923	–
Balances with NHS Trusts	<b>1,445</b>	–	1,361	–
Balances with public corporations and trading funds	<b>0</b>	–	1,413	–

	EXPENDITURE 31 MARCH 2023 £000s	INCOME 31 MARCH 2023 £000s	EXPENDITURE 31 MARCH 2022 £000s	INCOME 31 MARCH 2022 £000s
Transactions with other DCMS Government bodies	<b>1,195</b>	<b>11</b>	2,848	50
Transactions with other central Government bodies	<b>38</b>	–	–	–
Transactions with academies	<b>2,850</b>	–	1,069	–
Transactions with local authorities	<b>18,951</b>	<b>2</b>	6,643	–
Transactions with NHS Trusts	<b>294</b>	–	325	–
Transactions with public corporations and trading funds	–	<b>800</b>	138	–

## 21. CONTINGENT ASSETS OR LIABILITIES

The National Lottery distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery distributors (via DCMS). We continue to engage with the GLA on forecasts for land sales on the Olympic Park.

Arts Council England did not have any contingent liabilities as at 31 March 2023.

## 22. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10, events after the balance sheet date, post balance sheet events, are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the auditor's report to the Trustees of Arts Council England.

There were no post balance sheet events between the year end and when the accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The financial accounts do not reflect events after this date.

## 23. LOSSES AND SPECIAL PAYMENTS

Losses and special payments are payments which would not normally be made in the course of business. Examples of such payments are lease exit payments, compensation payments or ex-gratia payments. The number and value of losses during 2022/23 were as follows:

	2022/2023 £000s	2021/2022 £000s
Total value of losses	–	–
Total number of losses	–	–

THERE WERE NO LOSSES OR SPECIAL PAYMENTS DURING 2022/23.





# 10.

## National Lottery report









**As one of the distributors of the proceeds of the National Lottery, we are required to report on a number of areas relating to how we decide to distribute Lottery funds and the administration of our grants programmes.**

**POLICY DIRECTIONS**

Under the National Lottery etc Act 1993, the Secretary of State issued Policy Directions in November 2007, which we must take into account from April 2008 in distributing National Lottery funds. The Policy Directions were updated in October 2016 and are set out below, with a short explanation of how the directions have been met.

The references below relate to the National Lottery etc Act 1993 as amended by the National Lottery Act 1998 and subsequent Acts.

**a) The need to involve the public and local communities in making policies, setting priorities and distributing money**

Our 10-year Strategy for the arts, libraries and museums, *Let's Create*, guides all of our investment, development and advocacy work. The Strategy has been shaped by the views of artists, arts and cultural organisations, the public and our many other stakeholders and partners.

**b) Its assessment of the needs of the arts and culture and its priorities for addressing them**

*Let's Create* sets out our commitment to our mission and our three outcomes – Creative People, Creative Places, and A Creative Country. It also brings together our responsibilities across the arts and the wider cultural sector. Alongside our delivery plan it describes what success looks like, and how we measure progress towards the outcomes.

With its focus on place and individual creativity this Strategy directs Arts Council England to work with its partners to bring about positive change throughout the arts, museums and

libraries. It helps create the conditions in which art and culture can be presented and produced, experienced and appreciated as widely as possible. It enables us to focus our investment where it can achieve the greatest impact. It supports the development of world-class museums and great libraries that engage diverse audiences. It sustains us as we work to maintain and enhance England's status as a leading cultural force in the world.

**c) The need to increase access and participation for those who do not currently benefit from the cultural opportunities available in England**

Evidence demonstrates that some communities are engaging very little with the arts and culture. This may be through lack of opportunities to attend and participate or because of barriers like socio-economic factors, physical accessibility, or a limited offer. We believe that everyone has the right to access the arts and culture and we want to transform the opportunities open to people in these places.

2022/23 has marked 10 years of our Creative People and Place programme. Our vision for Creative People and Places is to support the public in shaping local arts and culture provision and, in doing so, to increase attendance and participation in excellent art and culture.

In 2022 we brought 39 Creative People and Places programmes into our National Portfolio, covering 56 local authority areas and receiving investment for three years, between 2022-25. Over these three years, we're investing £38.3 million from Wigan to Walsall, and Boston to Basildon, so that more communities can choose the creativity and culture on offer in their local area.

Seed is Sedgemoor's Creative People and Places consortium, which aims to demystify and grow the arts in Sedgemoor in Somerset, with the strong belief that local people and what is important to them truly matters and that this should be the basis for future investment. They are delivering a programme of activities that make creative connections and provide opportunities for everyone in the communities

of Sedgemoor to participate in arts and cultural activities, with a focus on reaching and including those who have little previous engagement with the arts.

We are now looking at the future of the Creative People and Places funding opportunity and considering a larger number of places for funding in 2025+.

#### **d) The need to inspire children and young people, awakening their interest and involvement in the arts**

The Saturday Club Trust was awarded £1.05 million to continue delivery of the National Saturday Clubs programme between 2023-26. The programme will enable promising young people aged 13 to 16 to benefit through engagement with a range of high-quality art and design activities on Saturdays at a local college, university or cultural organisation. The fund particularly seeks to engage under-represented groups, and those from lower socio-economic backgrounds who are unable to access opportunities through other means.

Sadler's Wells were awarded £750,000 for the National Youth Dance Company programme. Between 2023 and 2026 talented young people from all backgrounds will be provided with the chance to develop the high level performance skills needed to progress their professional careers.

We also recently announced a further £28.9 million investment in The Foundation for Youth Music for 2023-26. Youth Music will be running a number of delegated funding programmes, including the continuation of three music-based programmes, and two new programmes that seek to invest in or provide development opportunities for children and young people in other disciplines beyond music.

#### **e) The need to foster local community initiatives which bring people together, enrich the public realm and strengthen community spirit**

Through our Arts Council National Lottery Project Grants, we support a large and diverse

range of projects that bring people together through engagement with creativity. Small grants to support grassroots engagement can be some of the most beneficial for strengthening community spirit.

South-East Speaks is an ambitious community project funded through National Lottery Project Grants which celebrates the centenary of Lewisham's Bellingham and Downham estates in 2023-24. As part of this project, Lewisham Music will co-create spaces where the inter-generational sharing of resident stories will inspire the creation of new music by local young people.

#### **f) The need to support volunteering and participation in the arts and community arts**

Many of the activities we support through National Lottery Project Grants provide significant opportunities for community participation. Through National Lottery Project Grants, Paperback Theatre were awarded £29,999 to develop Little but LIVE! in 2023. A community arts festival, Little but LIVE! will centre on the research and development of a new adaptation of *The Wizard of Oz*. This will be complemented by a range of live events and free participatory activities, such as workshops and open mic nights, which aim to bring the community together in a fun and creative way.

Volunteering is also at the heart of many projects we support. Liberty Choir UK were awarded £67,651 through National Lottery Project Grants to deliver weekly Liberty Choirs in three prisons to 300 prisoners per year in 2023 and 2024, culminating in annual performances, delivered in partnership with 60 community volunteers. The project uses group singing to build music skills, increase arts participation and deliver positive 'through-the-gate' social change for some of the most excluded and underserved people, their friends and families.

### **g) The need to encourage new talent, innovation, and excellence and help people to develop new skills**

Developing Your Creative Practice (DYCP) supports individual cultural and creative practitioners who want to take time to focus on their development. In 2022/23 we committed £14,400,000 for individuals to innovate and develop new skills to take their practice to the next level. Investing in developmental projects enormously benefits audiences in England in the longer term, as the programme enables practitioners to upskill and become better placed to make work to present to the public, reach new audiences through exploring new ways of working, and develop networks to increase opportunities to present work.

One example is Emma Houston, an acclaimed breakdancer who is on track to compete in the discipline at the Olympics in 2024. They are using £9,704 awarded through DYCP for mentorship, connecting with new collaborators from a range of movement disciplines and understanding others' experiences of working as a queer artist within hiphop culture.

This development period will allow the grant holder to ultimately present new work to the public on a national and international stage, and allow their work to reach new audiences through the networks they build on this journey.

### **h) The need to ensure that money is distributed for projects which promote public value and which are not intended primarily for private gain**

All of our application processes require applicants for funding to clearly demonstrate the expected public benefit of their proposed activity. We give this careful consideration during our assessment processes.

### **i) The need to further the objectives of sustainable development**

We support projects that take a holistic approach to furthering sustainable

development for arts and culture organisations through our National Lottery Project Grants programme. In March 2023 we supported the Horniman Museum, as lead of the Museums and Galleries Network for Exhibition Touring (MAGNET), to deliver a project that will bring 12 partner museums together to collaborate and co-develop three ambitious new exhibitions to tour to audiences across England and work towards a future sustainable model. We awarded this project £336,000 through the Touring strand of our National Lottery Project Grants funding programme.

Building on a successful pilot, the project focuses on co-creating and launching tours of three new collections-based, inter-disciplinary exhibitions with contemporary relevant themes: A for Anthropocene, Colour, and Gender Stories. It aims to raise the quality and sustainability of museum temporary exhibitions allowing diverse geographic audiences access to collections.

It will create venue-specific content and programmes led by artists and local communities to engage wider audiences and will collaborate with other national initiatives to create an integrated nationwide sector practice for touring exhibitions, creating resources and toolkits. It aims to establish a self-funding model as a legacy after the project ends.

### **j) The desirability of ensuring equality of opportunity, of reducing economic and social deprivation and ensuring that all areas of England have access to the money distributed**

As part of our Delivery Plan for 2021-24, we identified 54 places across England where investment in and engagement with arts and creativity is low. We refer to these as 'Priority Places' – and we're prioritising working with them from 2021 to 2024.

One such place is Barrow-in-Furness, where, through our National Lottery Project Grants funding, we've awarded Barrow Underground



Music Society £28,860 for their 'Out of the City' project. This is a series of ambitious, subsidised events which will bring high quality artists to Barrow from major cities across the country. The project aims to inspire local artists and educate local trainee technicians to deliver professional cultural, artistic and musical experiences for the local community and beyond.

### **k) The need to support the long-term managerial viability and leadership of organisations in the arts**

Several rounds of our Elevate funding programme have supported diverse-led organisations to become more resilient and adaptive to their external environment so they could realise their full creative potential. This has included building capacity, creating new partnerships and increasing earned and contributed income, which ultimately means reaching more people, reaching different people and being in a more stable position to create high quality work. An Elevate extension year for 2022/23 allowed these organisations to continue with organisational development and resilience focused activity that could not be delivered due to the Covid-19 crisis.

One of the 44 Elevate extension recipients was Frozen Light. They are an organisation that creates exciting and original multi-sensory theatre for audiences with profound and multiple learning disabilities, touring these pieces to theatre venues and arts centres nationwide.

They used £51,500 in 2022/23 to strengthen and diversify their governance, ensuring a more culturally diverse Board that represents their community more accurately. Their plans included writing a long-term business plan, informed by a four-year artistic plan and budget they developed. Having devised a fundraising strategy they planned to collaborate with their business consultant, aiming to secure a diverse range of sustainable income. They'll also be launching bespoke digital access training that they have developed for all staff at touring venues.

### **l) The desirability of working jointly with other organisations, including other distributors**

The Let's Create Jubilee Fund was a £5 million programme that supported community and voluntary organisations in England to develop creative and cultural activities as part of Her Majesty Queen Elizabeth's Platinum Jubilee celebrations in June 2022.

Arts Council England partnered with the UK Community Foundations (UKCF) to deliver this programme, who managed the fund's distribution on behalf of their community foundation members across England.

Applicants applied via UKCF for grants of up to £10,000 and were encouraged to partner with established artists, creatives and cultural organisations to develop their activities. We worked to ensure that Queen Elizabeth's Platinum Jubilee celebrations gave people throughout England the chance to experience the best of the country's culture, while also celebrating an important milestone in our national history.

### **m) The need to ensure that all those receiving Lottery money acknowledge it using the common Lottery branding**

We recognise how important it is that the public can see how the Lottery has benefited the arts and other good causes. We make it a condition of funding for all successful applicants to acknowledge receiving Lottery funding by using the common Lottery branding.

### **n) The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas**

All our funding programmes require applicants to demonstrate their ability to attract partnership funding from other sources when this can be reasonably expected. We believe that this is important, not only because it means that our Lottery funds go further, but also because it demonstrates that the proposed activity has the support of the wider community and others.

**o) The need (a) to support projects which are for a specific, time-limited purpose, (b) to ensure that Arts Council England has the necessary information and expert advice to make decisions on each application and (c) for applicants to demonstrate the financial viability of projects**

We use our National Lottery funding for specific, time-limited projects. Our application materials and assessment processes have been reviewed and developed over a number of years to ensure that we have the necessary information on which to base decisions. Applicants are always asked to provide information about the financial viability of their projects (including how they will raise match funding, whether in cash or in kind) and to describe how their projects will be managed (including how they will evaluate their work and learn/share lessons).

National Lottery funding is allocated through two main channels:

1. Arts Council National Lottery Project Grants is our flagship open application programme that provides National Lottery funding to individuals and organisations and for national activities. Grants range from £1,000 to £100,000 (although we may fund activities to a higher value in exceptional circumstances) and can cover activities lasting up to three years. In 2022/23, a total of 2,984 awards were made with a total value of £99 million (2021/22: 3,720 awards with a value of £101 million).
2. Development funding is used alongside our National Portfolio investment to target particular challenges, opportunities or gaps in the delivery of our priorities. It is open to any individual, organisation or consortium that meets the eligibility criteria.

Awards support additional work, rather than the running costs of arts organisations. National Portfolio Organisations that apply need to show how work supported by development funding is additional to their core programme.

In 2022/23, 1,843 awards were made with a total value of £326 million. In 2021/22, 2,858 awards were made with a total value of £152 million.

### FINANCIAL DIRECTIONS

Under section 26(3), (3a) and 4 of the National Lottery etc Act 1993 (as amended by the National Lottery Act 1998), the Secretary of State issued Financial Directions to Arts Council England, as set out below:

The Arts Council of England ('the Council') shall comply with the requirements contained within the attached Statement of Financial Requirements, which have the status of Directions under section 26 of the National Lottery etc Act 1993, as amended ('the Act'). The Statement of Financial Requirements complements the Council's Management Statement and Financial Memorandum (MS/FM), which deals with corporate management matters and with the application of non-Lottery funds, and should be read in conjunction with the MS/FM.

We confirm that, to the best of our knowledge, we complied fully with the financial requirements in 2022/23. A copy of the Statement of Financial Requirements is publicly available.

### LOTTERY ADMINISTRATION COSTS

The Lottery Forum, which is made up of representatives from all of the Lottery distributors, has agreed, in conjunction with DCMS, to publish annually the following information about the costs of administering the distribution of Lottery funds.

From 2018/19, DCMS approved a revised methodology for calculating Lottery administration. The target is for administration costs to be below 7.75 per cent of Lottery income, calculated on a rolling three-year average of current year income and the two prior years. This is a change from the previous methodology where the target administration costs were a proportion of income for a single year. The data below shows that our administration costs for 2021/22 were approximately £1.46 million less than the target and approximately £3 million less than last year.





## 1. ACTUAL LOTTERY ADMINISTRATION COSTS

	2016/17 £M ACTUAL	2017/18 £M ACTUAL	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2022/23 £M ACTUAL	2022/23 £M TARGET
ACTUAL ADMINISTRATION COSTS*	17.85	16.26	16.35	17.63	17.10	15.68	18.76	20.22

\* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

## 2. ADJUSTED LOTTERY ADMINISTRATION COSTS

The figures in this table are for illustration only and show administration costs adjusted for inflation using inflation rates as defined by the Treasury's GDP deflators.

	2016/17 £M ACTUAL	2017/18 £M ACTUAL	2018/19 £M ACTUAL	2019/20 £M ACTUAL	2020/21 £M ACTUAL	2021/22 £M ACTUAL	2022/23 £M ACTUAL	2022/23 £M TARGET
ACTUAL ADMINISTRATION COSTS*,**	15.02	15.61	15.37	16.34	14.85	13.71	17.43	18.79

\* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

\*\* FIGURES HAVE BEEN ADJUSTED FOR INFLATION USING 2015/16 AS THE BASE YEAR

## 3. ACTUAL LOTTERY ADMINISTRATION COSTS AS A PROPORTION OF LOTTERY INCOME

	2016/17 ACTUAL	2017/18 ACTUAL	2018/19 ACTUAL	2019/20 ACTUAL	2020/21 ACTUAL	2021/22 ACTUAL	2022/23 ACTUAL
ACTUAL ADMINISTRATION COSTS AS A % OF LOTTERY INCOME*	7.82%	7.07%	7.00%	7.08%	6.75%	6.18%	7.45%

\* EXCLUDES EXCEPTIONAL ITEMS AND ONE-OFF IT DEVELOPMENT COSTS

## GRANTS PROCESSING TIMES

For our National Lottery Project Grants, we have undertaken to process applications to decision within the following turnaround times:

SIZE OF APPLICATION	TURNAROUND TIME
Applications for funding up to and including £15,000:	6 weeks
Applications for funding for £15,001 and above:	12 weeks



Since 2009/10 we have adopted a target of processing 90 per cent of all applications within our stated turnaround times. The thresholds were increased on 1 July 2013 from £10,000 to £15,000.

YEAR		A	B	C
2018/19	Actual	96.44%	96.19%	96.40%
2019/20	Actual	99.32%	97.42%	98.94%
2020/21	Actual	94.95%	95.50%	95.06%
2021/22	Actual	99.70%	87.90%	97.30%
<b>2022/23</b>	<b>Actual</b>	<b>99.88%</b>	<b>99.80%</b>	<b>99.87%</b>
<b>2009/10</b>	<b>TARGET</b>	<b>90%</b>	<b>90%</b>	<b>90%</b>

**A** % of applications for up to £15,000 processed in six weeks (up to end of January 2021) or in 10 weeks (from February 2021)

**B** % of applications for over £15,001 processed in 12 weeks (up to end of January 2021) or in 16 weeks (from February 2021)

**C** Overall % of applications processed within target time

In February 2021, Arts Council England temporarily changed the National Lottery Project Grants turnaround times, from 6/12 weeks to 10/16 weeks due to the increased demand the scheme was receiving.

### POLICY ON ADDITIONALITY

Arts Council England and the organisations that distribute Lottery funds on its behalf recognise and respect the additionality principles of Lottery funding. Lottery funding enables us to extend the reach and increase the impact of the activity that we could undertake if only Exchequer funds were available. Together with the other Lottery distributors who make up the Lottery Forum, we have agreed to share the following common definition of additionality:

Lottery funding is distinct from government funding and adds value. Although it does not substitute for Exchequer expenditure, where appropriate it complements government and other programmes, policies and funding.

We and our delegates will have regard to the principles of additionality and this policy when we set the strategic objectives of our Lottery-funded programmes and when we decide how each programme will operate. We have used, and will continue to use, Lottery funding to fund specific time-limited activity that would not take place without the support of the Lottery.

# Image credits

## *In order of appearance*



U13S POOLE IS NCO UNDER 13 ORCHESTRA AT LIGHTHOUSE POOLE / PHOTO © BILL HISKETT



PARAORCHESTRA – SMOOSH! AT FILWOOD COMMUNITY CENTRE, KNOWLE WEST BRISTOL. PHOTO © PAUL BLAKEMORE



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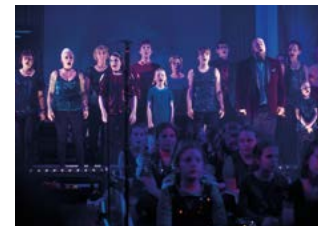
FATIMA NIEMOGHA IN ANTIGONE  
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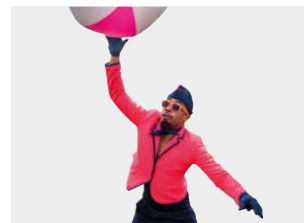
THE BATLEY VARIATIONS  
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DOOR AT HIGHLIGHTS RURAL  
TOURING CRAFT AND CONFLICT  
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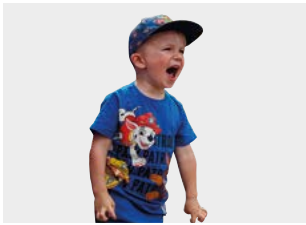
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